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**Integrated
Annual Report**

December 31, 2020



a bank in transformation

In recent years, the financial industry has undergone regulatory changes, seen the arrival of new players, and intensified the journey towards digitalization. This is a challenging scenario in itself. But it was the outbreak of a global pandemic and the resulting economic and social impacts, that really challenged us and tested our ability and preparedness.

Itaú is constantly changing. It is what keeps us on our evolution path. Our ability to understand the moment and innovate to meet it enables us to face whatever circumstances throw at us. And we are innovating.

While a bank may not know about health, but we understand that we have the capacity to act in concert with society as a whole, and that we share responsibility for building and developing the country. This is why in 2020 we reaffirmed our commitment to Brazilians by creating Todos pela Saúde (All for Health), an alliance of professionals working to fight the coronavirus in Brazil, from a historic donation of more than R\$1.2 billion. The need of implementing a project by this size at a speed as agile as the spread of the virus itself and with the need for specialties that are far from the reality in the financial sector, it is evidence of our adaptability.

We also faced the economic effects of the pandemic alongside Brazilians.

Throughout the year, our Travessia (Crossover) Program provided our clients with support to enable them to reorganize themselves, renegotiate their debts and financing to ensure the sustainability of their financial affairs. For our employees, we implemented a broad set of measures to support everyone during these trying times, raising our internal satisfaction index even during these troubled times.

Not only did we use our own stability to benefit Brazil's citizens, we also adapted our operations.

We accelerated our business transformation plans, assuming a more agile posture and redoubling our commitment to improving our clients' experience. We were able to accelerate our digitalization trajectory, reaping benefits far more significant than simply the financial results posted, by rearranging our entire role in society and reaffirming our leadership position.

After all the changes, we are convinced that nothing will ever be the same. But this change is also an opportunity, that the future we once imagined living in is becoming a reality, and the lessons we have learned in the last year will be key to building it.

All of this is embedded in our values – and we never reinvent our values.

Transformation is a part of our history, and we will continue to change ensuring we can always be proud of who we have been, who we are, and who we want to be: a bank made for you.

report center

Dear reader,

Our set of annual reports for 2020 includes our Integrated Annual Report, our ESG⁽¹⁾ Report, and our Full Financial Statements (IFRS)⁽²⁾.

This report



Integrated Annual Report

Presents relevant information about our activities and strategies, our corporate governance, and our financial, non-financial and sustainability results. This report has been prepared based on the main international reporting guidelines and standards – IFRS, GRI, TCFD and SASB.



ESG⁽¹⁾ Report

Our main tool for reporting environmental, social and governance indicators. The goal is to provide greater accessibility, depth, and transparency on our business and relations from a sustainability standpoint. The ESG Report has been prepared based on the main international reporting guidelines and standards – GRI, TCFD and SASB.



Full Financial Statements (IFRS)⁽²⁾

Our Consolidated Financial Statements provide detailed information about our operations and equity, business, and financial indicators. The financial statements are prepared taking into consideration the requirements and guidelines of the National Monetary Council (CMN), as well as in accordance with the International Financial Reporting Standards (IFRS)⁽²⁾ issued by the International Accounting Standards Board (IASB).

new Investor Relations website

Browse the Investor Relations website to access more information about Itaú Unibanco.



(1) Environmental, social and corporate governance; and (2) International Financial Reporting Standard.

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leadership messages

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Alexsandro Broedel
Chief Financial Officer (CFO)



Candido Bracher

Former CEO and future member of the Board of Directors

2020, a year of challenges and transformations

GRI 102-14

Dear reader,

Since March 2020, Brazil along with the rest of the world, has undergone an unprecedented health crisis caused by the coronavirus pandemic, which has made its impacts felt across industries and societies everywhere, which have had to adapt to the current scenario to keep their business.

As a Brazilian bank with most of our operations in Brazil, we were impacted by these same challenges, as our business is significantly influenced by the economic, political, and social situation in Brazil. However, we have spared no efforts to continue to serve our clients, while taking care of our employees and taking actions to help the wider society in the face of the unimaginable early consequences of this pandemic.

Brazil's unemployment rate reached 13.9% in December, totaling 13.9 million unemployed people, according to the IBGE (Brazilian Statistics Bureau). The government allocated more than R\$288 billion in emergency aid up to December of last year. It is worth noting that the measures implemented by the government to deal with the COVID-19 crisis have had an impact on the

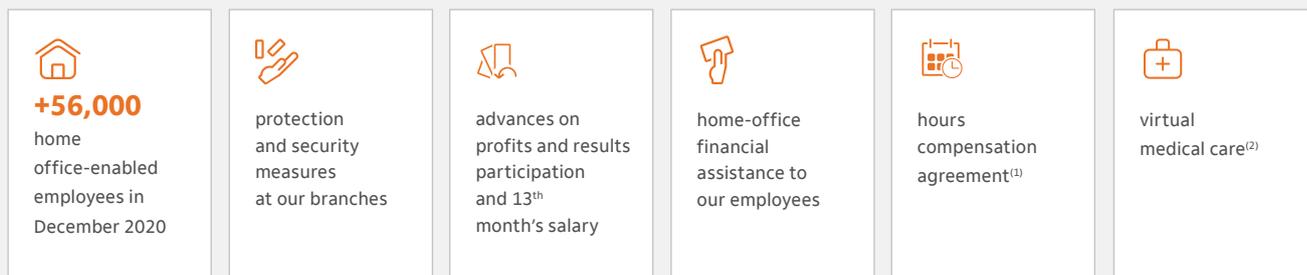
government's fiscal position. Brazil's twelve-month primary fiscal deficit reached 9.4% of GDP in December 2020, after deficits of 0.8% of GDP in 2019, 1.5% of GDP in 2018, and 1.7% of GDP in 2017. In December 2020, Brazil had more than 7 million cases of COVID-19, and we believe that the recovery of the Brazilian economy depends heavily on the rate at which the population can be vaccinated in 2021.

Our business was adversely affected by the implications of all these factors, and the bank ended the year with IFRS net income of R\$15.1 billion.

However, we consider the measures adopted as an immediate response to the pandemic to be positive indicators of the bank's financial soundness and ability to transform and overcome complex challenges. We were able to adapt ourselves quickly, while remaining focused on our four main transformation levers, which represent our investment in the future: client centricity, digital transformation, people, and efficiency.

We also took steps to ensure the safety of our employees, enabling them to remain in close contact with our clients to understand and meet their needs.

support for our employees



(1) This system seeks to strike a balance between our people's personal and professional lives, enabling them to arrive later and/or leave before the end of the workday; and (2) Online appointments with a multidisciplinary team available 24/7 by telephone, WhatsApp, or on the app, all free of charge.

We try to support our clients with complete and sustainable solutions. In the second half of March 2020, we launched the 60+ program, which, among other actions, granted a 60-day grace period for payments on loans in default. In mid-April 2020, we launched a more comprehensive program called Travessia (Crossover).

customer support

R\$50.8 billion

in loan portfolio reprofiling at the end of December 2020.

new conditions and interest rates

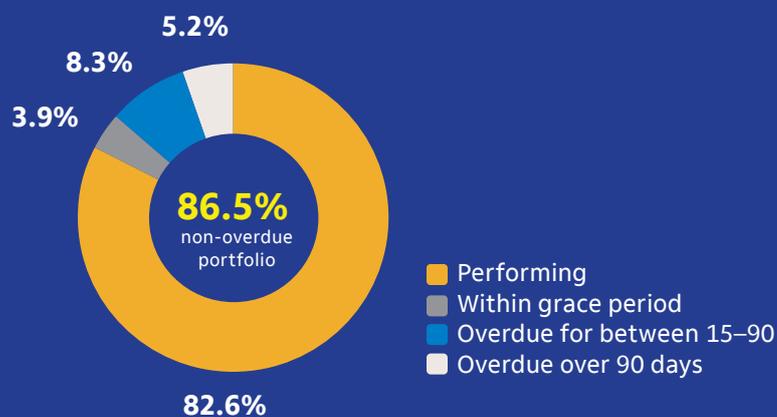
individuals

Grace period of up to 120 days and term extension of up to 6 years.

small and medium companies

Grace period of up to 180 days and term extension of up to 5 years.

portfolio risk profile



We also support micro and small businesses through the Government's National Support Program for Micro and Small Businesses (PRONAMPE), an emergency payroll credit facility, and the Investment Guarantee Fund from the National Bank for Economic and Social Development (BNDES FGI). This portfolio reached a loan volume of R\$22.3 billion in December 2020. In the fourth quarter we granted R\$3.2 billion to 8,600 businesses under the BNDES FGI program.

We posted growth of 20.4% in our total loan portfolio, and 31.9% in our loan origination in Brazil compared to 2019. It is also worth highlighting the origination of loans to individuals in the quarter, which grew by 15%, driven by credit cards, vehicle financing, payroll loans, and mortgage loans.

Moreover, our satisfaction and experience indicators point out that we are on the right track in our process of prioritizing the client as the center of everything we do, as well as in terms of appreciating our employees as the main agents of transformation:

satisfaction indicators



e-NPS⁽¹⁾ **89 pts.**

voted the best for people management and best company to work for

(Source: Valor Carreira and UOL)



Global NPS **+ 10 pts.**

we hit the challenge 2020 vs. 2018

Challenge (2021 vs. 2018): **reach + 17 pts.**

Challenge (2023 vs. 2018): **reach + 27 pts.**

On the digitalization and efficiency front, we increased our digital client base, reaching 24.2 million clients digitally in December 2020, while continuing to expand our investments in technology. Throughout 2020, we added more than 3,700 employees to our technology team and in 2021 we will have doubled this workforce compared to 2018.



24.2 million digital clients⁽²⁾ **2020 vs. 2019**

+14.0% of individuals digital clients;

-0.2% of companies digital clients; and

+92.0% accounts opened in digital form.



efficiency and people **2020 vs. 2019**

-167 branches and client service branches (CSBs);

+7% data scientists; and

+3,764 engineers and technology professionals (1,994 ZUP⁽³⁾ integrated employees).



continuous investment in technology **2021 vs. 2018**

+112% on development of solutions; and

-28% on infrastructure.

(1) Situational e-NPS average from April to December 2020; (2) In December 2020; and (3) Technology company acquired in 2018.

Additionally, due to the relevance of our organization, we work to take care of society, especially with Todos pela Saúde, an initiative with the objective of combating COVID-19 and its effects on Brazilian society, through four pillars of action: inform, protect, care and return.

We further reinforced our performance in sustainability, in actions on topics of social, environmental and governance relevance.



todos pela saúde
More than R\$1.2 billion donated to combat COVID-19.

highlights of our operation

Amazon Plan in partnership with Bradesco and Santander

(priority initiatives)



promoting sustainable chains;



land title regularization;



zero deforestation in the beef chain; and



driving the bioeconomy.

US\$500 million raised in sustainable bonds in January 2021

First Level 2 Capital issue by a Latin American bank to finance green and social projects.

positive impact commitments

R\$47.4 billion for sectors with positive impact;

R\$12.5 billion for renewable energy generation and services;

R\$9.1 billion for small companies led by women; and

transparency and report
Evolution of the SASB and TCFD guidelines.

Amazon conference

+ 12 participants in the 3 days of the conference;

+ 70 specialists (companies and members of the financial market); and

380,000 native trees will be planted using donations.

In this challenging year, we also supported the bank's Board of Directors in the succession process for the CEO. After four years leading Itaú Unibanco, I have seen many signs of the institution's transformation, that is now entering a new phase of continuous evolution, will certainly set the tone for the actions to come.

In the months of November, December and January, we conducted a succession process which has been very well perceived by our employees and the market.

I have every confidence in this new Executive Committee, led by Milton, and I am certain of the capacity already evidenced by these professionals throughout their consistent career paths to date.

I would like to thank everyone for the opportunity to lead this organization which has such an important role in the financial markets and in Brazil, always counting on the decisive support of our Board of Directors, our Executive Committee members, and all of our employees, with whom I have been privileged to share our achievements, as well as our lessons learned during this period.

I wish Milton the best of luck and success in leading Itaú Unibanco, and I will follow his progress from the Board of Directors, of which I will now become a member.

Thank you!



Candido Bracher

Former CEO
and future member
of the Board of Directors



Milton Maluhy Filho
CEO

business perspectives and client centric innovation

Dear reader,

It is with great satisfaction and honor that I assume the position of CEO of Itaú Unibanco, and congratulate Candido Bracher on the successful trajectory he has followed over the last few years.

In December I announced the new members of the Executive Committee, who have been chosen because they are even closer to the business will enable us to streamline the bank's operations and management model to enable greater autonomy and speed of decision-making.

Creating value means obtaining financial results that exceed the cost of capital, enabling us to compensate our stockholders and other stakeholders based on ethical and responsible relationships, guided by trust and transparency, while focused on the sustainability of our business.

In 2020, our year-on-year total assets increased 23.3%. The net income attributable to our controlling stockholders reached R\$18.9 billion, down 30.3% from 2019, mainly due to the increase in provisions for expected losses on financial assets and insurance claims. The annualized managerial recurring return on average equity was 14.3% in 2020.

Even in a challenging scenario, we encouraged the development of new product and service solutions aligned with the needs of the market and society, with the goal of generating higher long-term returns. For example, in 2020 Itaú Asset Management launched the Fundo Itaú Momento ESG.⁽¹⁾ This is an actively managed floating income fund that embeds sustainability into the way we analyze and select companies, while seeking long-term returns. In addition, are incorporating ESG⁽¹⁾ aspects into reviews of 100% of the assets under our management.

This is yet further evidence of Itaú Unibanco's tradition of continuously seeking sustainable business practices.

It is evident that the pandemic has boosted demand for digital solutions and, specifically in the financial segment, has accelerated the adoption of digital channels by clients who were previously cautious, or were only slowly increasing their use of these solutions.

(1) Environmental, social and corporate governance.

As the situation continues to evolve, it will become increasingly clear that institutions that know how to strategically combine automation and data analytics with the efficient use of the cloud computing, will be able to offer their clients better and more agile digital experiences. With this in mind, in 2020 we took yet another step toward digitalization, selecting Amazon Web Services, Inc., the world's leading cloud services provider, as our long-term partner.

And let's should not forget or new products and services, such as the Itaú Personalité investment recommendation model. Based on 12 million monthly simulations and with about 300,000 portfolio combinations for each investor profile, the model allows our team of experts to test each combination in 10,000 different scenarios, until they identify the best option for each investor profile.

Another example is the íon app, which aims to offer an intuitive, digital and integrated experience to clients with investments in Itaú Unibanco and Itaú Corretora. The app, which is still exclusive to bank clients, offers a wide range of products from Itaú and other market managers, with graph analyses, comparisons, recommendations, and news, providing a unique experience for each profile.

In the payments area, in 2020 we introduced the first iti solution involving credit: a credit card with no annuity charge that is automatically available in the iti wallet and, in addition to traditional functions, may be used for functionalities within the app itself such as payments using QR Codes.

At the same time, we are seeing the growing adoption of PIX as a clear indicator of the new features of financial activity. We believe that the use of this type of technological solution, coupled with the trusting client relations trend, indicates a sound path for the future, especially with the promotion of open banking.

We will continue to show the same dedication to the traditional regulations of the financial sector, existing data use and cybersecurity rules, and the new rules that are sure to be implemented as a result of this trend.

For these reasons, we arrive in 2021 looking forward optimistically to the future, while remaining aware of the complexity of the times we are living through.

The last few months have shown a significant recovery in the Brazilian economy, but, unfortunately, with side effects from the health crisis have continued, including the evolution of infection curve in Brazil and worldwide, vaccination issues, and all the consequences of the pandemic on the economy.

We believe that any delays in vaccinating the population will have a significant impact on our prospects for the Brazilian economy.

In preparing the perspectives and forecast presented below, we have assumed that there will be no delays in the vaccination of the Brazilian population.

Below is the most likely scenario for our operations, underlying our forecast⁽²⁾ for 2021.

2021 perspectives

- Adequate liquidity and capitalization levels for our stress testing scenarios.
- Expansion of the loan portfolio driven mainly by the the individuals' portfolio, assuming an economic recovery in line with our baseline scenario. In the first instance, this growth should be supported by lower risk and lower interest rate products such as payroll loans, mortgage loans, and vehicle financing; however, we expect demand for consumer credit lines and revolving credit lines to recover in the second half of the year.
- Recovery of the average rate of financial margin with clients (NIM) over the year, due to the progressive change in the mix of the loan portfolio between segments, and the expectation of higher interest rates and their impact on the payout of our own working capital and liability margin.

(2) According to the BRGAAP management standards.

- Growth in service and insurance revenues in line with the economic recovery trend, despite the negative impact of PIX roll-out (Brazilian Central Bank fast payment solution) and the spin-off and sale of the stake in XP Investimentos. This performance will be driven by expectations of strong activity in capital markets and the launches of new channels, products and services.
- Progressive reduction in the cost of credit anchored in bank's expected loss model and the economic recovery of Brazil. The model will however react promptly to material changes in Brazil's macroeconomic scenario and the financial positions of our clients.
- Strategic cost management based on structural efficiency projects will continue to bring benefits in the coming quarters, with a nominal reduction in the BAU operational expenses. However, this year, we expect an increase of approximately R\$1.5 billion in our investments in technology, new products and commercial platforms, which should positively impact the bank's operational efficiency in the medium and long term.

2021 forecast

	Consolidated	Brazil ⁽¹⁾
	2021 forecast	2021 forecast
Total credit portfolio ⁽²⁾	Growing 5.5% to 9.5%	Growing 8.5% to 12.5%
Financial margin with clients	Growing 2.5% to 6.5%	Growing 3.0% to 7.0%
Financial margin with the market	Range from R\$4.9 bn to R\$6.4 bn	Range from R\$3.3 bn to R\$4.8 bn
Cost of credit ⁽³⁾	Range from R\$21.3 bn to R\$24.3 bn	Range from R\$19.0 bn to R\$22.0 bn
Commissions and fees and results from insurance operations ^{(4),(5)}	Growing 2.5% to 6.5%	Growing 2.5% to 6.5%
Non-interest expenses	Range from -2.0% to 2.0%	Range from -2.0% to 2.0%
Effective tax rate	Range from 34.5% to 36.5%	Range from 34.0% to 36.0%

Note: The midpoint of the projections implies an ROE of around 17.6%, taking into account other assumptions. This information should not be construed as a projection. (1) Includes units abroad ex-Latin America; (2) Includes financial guarantees provided and corporate securities; (3) Composed of result from loan losses, impairment and discounts granted; (4) Commissions and fees (+) income from insurance, pension plan and premium bonds operations (-) expenses for claims (-) insurance, pension plan and premium bonds selling expenses; and (5) 2021 forecast does not consider XP Inc. equity result starting in February 2021.

I invite you to access our [Investor Relations](#) website to learn more details about our performance in 2020. There you can register to receive regular updates.

Thank you!



Milton Maluhy Filho
CEO



Roberto Setubal and Pedro Moreira Salles

Co-Chairmen of the Board of Directors

our business strategies are guided by soundness and innovation

Dear reader,

As is widely known, 2020 was marked by an unexpected health crisis, the extent and global impacts of which are still being felt throughout the economy and by all sectors of society. The unpredictability of this scenario has driven dramatic changes, with the bank needing to adjust accordingly. Nevertheless, after a year in which we have dealt with the consequences of the coronavirus pandemic, our perception is that we have learned lessons and gained knowledge that will guide us through the months ahead, they also indicate the bank's capacity and strength to endure crises.

As a Brazilian bank with most of its operations in the domestic market, we are alert to the pressures placed on Brazil, with GDP having slumped by 4.1% in 2020, following a 1.4% rise in 2019. The SELIC rate has remained at 2.0% since August 2020, and inflation reached 4.5% at the end of 2020. Bank loans, as a percentage of GDP, rose to 54.2% in December 2020.⁽¹⁾

This report details our performance and strategies for 2020, which reflect the way in which we conduct our material issues, value creation and governance, risk and capital management, sustainable performance, how we are keeping the client centricity as the guiding thread of our business, and the measures taken in relation to our employees, customers and society in this pandemic scenario.

(1) Source: Central Bank of Brazil; (2) In accordance with Brazilian GAAP; and (3) Equivalent to 40.52% of XP Inc.'s capital stock on December 31, 2020.

We have continued to manage our risk appetite sustainably by means of the bank's expected loss model, although the pandemic impacted the bank's results for 2020, driven mainly by the provisions for loan losses, it also enabled us to anticipate any worsening of our clients' financial condition.

In 2020 we paid out R\$4.5 billion in liquidity dividends and interest on capital, which accounted for 24.3% of the Recurring Managerial Result⁽²⁾ for 2020. The recurring managerial return on average equity – annualized⁽²⁾ was 16.1% in the last quarter of 2020. This indicates that we have maintained the strength of our capital, with the Tier 1 capital ratio closing the year at 13.2%.

Our ongoing investments in innovation and technology have shown strong performance. We hit the milestone of 24.2 million digital clients in December 2020, which solidifies our decision to maintain our focus on the digital front: in 2021 we will invest about 112% more than we did in 2018, while we expect to reduce our expenditure on infrastructure maintenance by 28% this year.

As part of our ongoing search for stockholder value creation, we have approved the segregation of Itaú Unibanco Conglomerate's interest⁽³⁾ in XP Inc.'s capital into XPart., a company to be incorporated after obtaining the required regulatory approval.

As an immediate response to the pandemic, we are also taking measures to ensure our employees' safety, enabling

them to remain in as close contact as possible with our clients, to ensure we continue to understand and meet their needs during the pandemic. These initiatives reflect our history of valuing the strategic importance of environmental, social and governance topics.

As a demonstration of our commitment to Brazilian society, we set up the Todos pela Saúde (All for Health) program, aimed at fighting the effects of the pandemic in Brazil, to which we have donated over R\$1.2 billion. This amount includes R\$1 billion donated by Itaú Unibanco, R\$200 million donated by the families controlling Itaú Unibanco and Itaúsa, as well as donations from over 16 partner companies and individuals. Over R\$1 billion has already been allocated to four areas of operations as follows⁽⁴⁾:

- **R\$110 million to inform** approximately 175 million people through public information and awareness-raising campaigns and guidance on the correct use of face masks.
- **R\$226 million to prepare** society to return to normality, by providing support to COVID-19 epidemiological and treatment research. This amount will also be used to invest in new vaccine plants for Fiocruz Foundation and Instituto Butantan.
- **R\$351 million to protect** 330,000 health professionals and 172,000 patients, who will benefit from the distribution of over 50 million pieces of personal protective equipment (PPE). Over 25,000 tests carried out per day, with its operations commencing on July 31 at the Testing Center in Rio de Janeiro state, and on August 7 in Ceará state. 14 million face masks have been handed out to specific groups, such as the elderly, users of public transport, community household dwellers, indigenous population and homeless people, as well as 120 million pieces of PPE such as face masks, gloves, goggles, face shields, among others.
- **R\$408 million to care of society in several initiatives:** support for 50,000 elderly people and carers at over 600 care institutions; with the purchase of 105,000 oximeters to service all municipalities across Brazil, 44,000 test kits and awareness-raising campaigns intended for truck drivers, and 2,500 pieces of hospital equipment for Reception Centers located in vulnerable areas. Oxygen tanks worth R\$8.5 million were purchased and provided to the city of Manaus, Amazon state. R\$3.6 million was allocated to Fiocruz Foundation in connection with the Conexão (Connection) project in Rio de Janeiro

(4) From April 2020 to January 2021; and (5) Environmental, social and governance.

communities (comprised of testing, telemedicine, guidance and donations of PPE) in addition to carrying out an impact analysis.

On February 26, 2021, the Instituto Todos pela Saúde (ITpS) was set up with the mission to contribute to strengthening and encouraging innovation in health surveillance in Brazil. ITpS will focus on research support and improving the qualifications of human resources in genomic epidemiology. It was set up with the primary intent of fostering activities which could be integrated into government policy.

On a different note, we have provided reprofiled payment terms for individuals and very small and small companies as a way of supporting our clients.

We have not shied away from our sustainability efforts, continuing to ensure the consistency of our sustainability information in line with our commitment to the transparency of our reports, ensuring the consistency of our information. From 2020, we have included the Private Social Investment Commitment as one of our positive impact commitments, consolidating Itaú Unibanco's vision of the future in terms of sustainable development. It is important to note that in January 2021, we raised sustainable subordinated bonds amounting to US\$500 million, another step towards integrating ESG⁽⁵⁾ into our business.

In line with our strategies, we have proposed some changes to the composition of the Board of Directors, which will be approved at the Meeting to be held on April 27, 2021.

As a result of the process of transferring leadership to Milton Maluhy, it is worth mentioning that the Executive Committee will have a new structure aimed at streamlining the bank's operations and management model, and allowing for more independent and expeditious decision-making, fully consistent with the bank's long-term strategy.

We hope you enjoy reading!

Yours sincerely,



Roberto Setubal and Pedro Moreira Salles

Co-Chairmen of the Board of Directors



Alessandro Broedel
Chief Financial Officer (CFO)

commitment to transparency

Dear reader,

We believe that it is our duty to be transparent with our stockholders, clients, employees, and society as a whole, by making available information of sufficient quantity and quality to provide a clear understanding of the way in which we conduct our business.

We believe that, as part of our responsibility for creating value, we need to establish a relationship of trust with our stakeholders based on transparency and accountability.

In line with this commitment, the 2020 annual reporting cycle with some innovations. We are presenting a new reporting proposal suite made up of three key documents:

- **Integrated Annual Report (RAI):** presents in an objective way key information on our strategy, governance, activities, and financial and sustainability results, in accordance with international reporting standards.
- **ESG⁽¹⁾ Report:** comprehensively addresses our environmental, social, and governance practices and indicators, and also follows up on the targets set out in our positive impact commitments.
- **Full Financial Statements:** present information on our operations and equity, business, and financial indicators.

The Integrated Annual Report for 2020 has been prepared based on the key concepts, guiding principles, content components, and general guidance described in the <IR> Framework issued by the International Integrated Reporting Council (IIRC). We are reporting financial information in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

(1) Environmental, social and governance.

For the reporting of ESG information, in addition to the Global Reporting Initiative (GRI) sectorial indicators, we have expanded the Sustainability Accounting Standards Board (SASB) indicators by addressing three categories: Commercial Banking, Investment Banking & Brokerage and Asset Management & Custody Activities. In addition, we follow the recommendations on strategy, governance, risk management, climate targets, and metrics of the Task Force on Climate-Related Financial Disclosures (TCFD).

With our users' experience in mind, we launched a digital version of our 2020 Integrated Annual Report. This more dynamic and interactive version provides greater autonomy and flexibility of browsing, as it is adaptable to different devices.

Our reports seek to promote a more objective, concise, multidisciplinary, and integrated report which unifies financial, governance, social, and environmental information. By using clearer, simpler language, we want to meet the needs of people interested in gaining an understanding of the institution at a time when more people than ever are entering the capital markets.

We believe that credibility is a reflection of the way we relate to our stockholders, clients, employees, and suppliers, for whom accountability with quality and transparency are key.

With this in mind, our goal is to strengthen our commitment to meeting growing demand from investors, policymakers and regulators for a reporting system that provides consistent, comparable, reliable information that is also relevant to value creation and sustainable development.

Enjoy your reading!



Alessandro Broedel
Chief Financial Officer (CFO)



about this report

4H. Basis of preparation and presentation

19 basis of preparation and presentation

20 key concepts

21 responsibilities

about this report

GRI 102-45 | GRI 102-50

The Integrated Annual Report is prepared and published annually, and this report covers the Financial Year 2020 – from January 1 to December 31 – and, on a comparative basis, Financial Years 2019 and 2018. Any material events after that date and up to the date of the Group Head of Investor Relations's and the CFO's approvals on April 12, 2021 are also reported herein.

This report provides material information regarding:

- Itaú Unibanco Holding S.A.: a publicly traded company incorporated and operating under Brazilian law, with its registered head office in the city of São Paulo, Brazil. This report covers the group's main activities, business groups, key support areas, and Brazilian and international subsidiaries.
- the external environment and operating context: we are present in 18 countries and territories, through branches, international subsidiaries, and digital channels.
- our strategic levers and projections: presents the progress of our strategies throughout 2020 and provides a view on the short-term financial projections (2021). Given the impact of the COVID-19 pandemic, projections for 2020 have been disregarded and key targets revised.
- our business model: we engage in all forms of banking, through commercial, investment, loan, leasing, and foreign exchange portfolios.
- risks and opportunities: how our risk and capital management allows us to face a changing business environment.
- the interests of our stockholders: Itaú Unibanco Holding S.A. is a publicly traded financial holding company, with its shares traded on the stock exchanges in Brazil (B3) and the United States (NYSE).
- the business performance, main risks and opportunities, and results.
- our corporate governance, practices and internal policies, which are aligned with our meritocratic culture and aimed at the creation of long-term value, while facilitating access to capital and contributing to the sustainability of the business in an ethical and responsible manner.

basis of preparation and presentation

The Integrated Annual Report was prepared based on the following criteria and concepts:

- the key concepts, guiding principles, content components, and general guidelines described in the <IR> Framework – updated in January 2021 – and issued by the International Integrated Reporting Council (IIRC) – the content components of the <IR> Framework are highlighted in this report by the following marker: <IR>.
- we take into consideration the sectorial indicators from the GRI Standards: Financial Sector in this report. The GRI performance indicators are highlighted by the following marker: [GRI].
- we have incorporated the Financial Sector SASB indicators in the categories Commercial Banking, Investment Banking & Brokerage and Asset Management & Custody Activities. The SASB performance indicators are highlighted by the following marker: [SASB].
- we report our status of compliance with the TCFD recommendations on strategy, governance, risk management, climate targets, and metrics. These indicators and metrics are highlighted with the following marker: [TCFD].

- we report our financial information in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).
- alignment with the current trends brought about by international ratings and market indexes such as Bloomberg, the Dow Jones Sustainability Index, and the Corporate Sustainability Index (ISE) of B3 S.A. – Brasil, Bolsa, Balcão, among others.
- compliance with CVM Resolution No. 14, of December 9, 2020, which requires publicly held companies to adopt Guideline CPC No. 9 – Integrated Report, issued by the Accounting Pronouncements Committee (CPC) if they choose to prepare and disclose an integrated report. The guideline also requires the integrated report to be subject to a limited assurance review by an independent auditor registered with the CVM, in accordance with the standards issued by the Federal Accounting Council (CFC).

key concepts

Value creation is the consequence of how we apply and allocate our capital to deliver financial performance and optimize value for all stakeholders. Our value creation process is embedded in our corporate purpose, described as part of our business model, and integrated into the way we think and make decisions (page 36).

Our capitals are the essence of our business. Our relevance as a bank, both today and in the future, and our ability to create long-term value are linked, and both

fundamentally depend on the types of capital we hold (financial, social and relationship, human, manufactured, intellectual, and natural), how we use them our impact on them, and the value we deliver (page 33).

This report focuses primarily on the **issues, opportunities, and challenges that materially affect** Itaú Unibanco Holding S.A. and its ability to remain as a sustainable business that adds value to stockholders and key stakeholders (page 129).

Our **material issues**, or positive impact commitments, as described on page 85, influence our group's strategy. Material issues are continuously assessed to ensure that our strategy remains relevant in an evolving operating environment.

Our commitments are specific, measurable, and will guide our business in the coming years. They were defined based on our long-term strategic agenda, launched two years ago, with client centricity as the key theme, supported by three key levers: digital transformation, people, and efficiency. We also ensure alignment with the global context, as we have used the United Nations (UN) Sustainable Development Goals (SDGs) to help develop our positive impact commitments.

The commitments were discussed, internally validated and externally assured by independent auditors, based on the Accountability 1000 Standard (AA1000) guidelines, a social performance standard created by the Institute of Social and Ethical Accountability (ISEA), a British NGO specializing in social responsibility and ethics.

Integrated Annual Report 2020 preparation process:



responsibilities

The Board of Directors acknowledges its responsibility for the completeness of this report, which addresses all of the topics relevant to the group's value creation capacity, and fairly presents the integrated performance of the Itaú Unibanco Group.

The Group Head of Investor Relations and the CFO participated in the preparation, review, validation, and presentation of this report and believe that the report follows the main guidelines of the <IR> International Framework. This report was approved by the by those responsible for on April 12, 2021.

Finally, we declare that the Integrated Annual Report 2020 was reviewed by PricewaterhouseCoopers (PwC), who provided an opinion hereon, giving Itaú's directors assurance regarding the contents of this report, including the report's compliance with AA1000 and GRI.



find out more

click on the links available in this report



who we are

4A. Organizational overview and external environment; 4C. Business model; 4B. Governance

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- 24** culture, values and purpose
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- 29** shareholding structure and control
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 - 32** main brands, channels and partnerships
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Itaú highlights

GRI 102-6 | GRI 102-7

With almost a century of history, Itaú Unibanco is the largest private bank in Brazil, the largest financial institution in Latin America and one of the largest in the world by market cap, with approximately US\$59.8 billion in December 2020.

We offer financial products and services for different sectors of the economy and we are leaders in several segments in which we operate, whether in solutions for individuals, micro, small and medium-sized companies and very small companies. This broad offering of products and services reflects our ongoing efforts fully

to meet the needs of each client, from individuals and microbusinesses to large organizations, and provide the best experience both digitally and in person, always guided by ethical values.

In 2020, for the 16th consecutive year, Itaú was the most valuable brand in Brazil, valued at approximately R\$37.4 billion, according to the Interbrand Ranking, and for the 12th consecutive year we were among the best companies to work for in the Large Companies category, according to the Great Place to Work Institute and Época Negócios magazine.

international operations

GRI 102-4 | GRI 102-7

We are present in 18 countries.

Stock Exchange listings: B3 and NYSE



● multiple bank
 ● corporate and investment banking
 ● asset management
 ● private banking



over 56 million retail clients in Brazil.



we have 96,540 employees.



approximately 466.5 thousand individual and corporate stockholders in Brazil.



4,337 branches and client service branches (CSBs).



45,600 ATMs.



our apps are used by more than 23 million people.



15,649 service providers.



culture, values and purpose

We believe that a financial institution should help make dreams come true and invest in great ideas that can bring positive returns not only to our business but to society as a whole. A bank should encourage people to grow and businesses to evolve. Our responsibility for Brazil's development is part of the essence of our business.

our mission

is to be a leading bank in sustainable performance and client satisfaction.

our purpose

is to foster people's power of transformation.

our culture

is expressed through Our Way, a set of seven principles guided by ethics, cooperation, meritocracy and respect.

nosso jeito (our way)

- #1 it is only good for us if it is good for the client_
- #2 we are passionate about performance_
- #3 people mean everything to us_
- #4 the best argument is the one that matters_
- #5 simple. Always_
- #6 we think and act like owners_
- #7 ethics are non-negotiable_

Ethics also translate into transparency and honesty in the relationship with our stakeholders, the quality of our services and products, and concern with financial performance, environmental and social responsibility.

Compliance with the bank's Code of Ethics, and principles and values is ensured through the Integrity and Ethics Program. This set of documents and commitments covers topics including: diversity; fighting discrimination; prevention and eradication of child, forced or compulsory labor; prevention of prostitution and sexual exploitation of minors; prevention of moral and sexual harassment in the workplace; equitable treatment between employees and outsourced service providers; education; culture; freedom of union association and collective bargaining; privacy; health and safety; compensation; prevention and fight of corruption, fraud, money laundering; among others.



find out more

Integrity and Ethics Portal

our history

The history of Itaú Unibanco can only be written taking into account each person who took part in building it. The journey began 97 years ago with five people committed to entrepreneurship and the development of Brazil: Alfredo Egydio de Souza Aranha, Eudoro Libânio Villela, Olavo Egídio Setubal, Walther Moreira Salles and João Moreira Salles.

Along the way, we have grown, through mergers, acquisitions and business partnerships, weathered economic changes, the transformations brought about by technology, and changing consumer habits and social relationships.

One of the major milestones of this trajectory was Itaú's merger with Unibanco in 2008, creating in the largest bank in Brazilian history, the largest private bank in Latin America, and one of the 30 largest banks in the world by market cap at the end of December 2020.

Over almost a century, we have written a history of entrepreneurship supported by the work of our employees and the trust of our clients. Without losing sight of our commitment to Brazil's development and adapting to the changes that time has brought, over two decades ago we started integrating environmental, social, and governance values, or ESG, into our business management.

private social investment

Itaú Unibanco is one of the leading companies in terms of social investment in Brazil, whether through direct contributions, projects linked to tax incentive laws, or through our institutes and foundations.

In the face of the COVID-19 pandemic, private social investment becomes even more relevant, with socially conscious initiatives being essential to weather this difficult period.

The bank's private social investment agenda, which, like all other commitments, is aligned with the United Nations (UN) Sustainable Development Goals (SDGs), is focused on four major areas of activity: education, culture, mobility and longevity, areas in which we already have a history of activity.

As a financial institution, we recognize our role as a transforming agent and encourage projects, for this reason, our relationship strategy with society considers public policies and collective agendas at the local, national and global levels as a priority, building new models of collaboration between sectors of society and integrating the SDGs into the plans and policies of states and municipalities.

In 2020, we invested more than R\$2 billion in projects in Brazil and abroad, through our external units. Of this amount, 95% was allocated through donations and sponsorships made by Itaú Unibanco itself, mainly destined to the Todos pela Saúde Program, and 5% through incentive funds from tax benefits, such as the Rouanet Law (culture), the Federal Sports Incentive Law, the Elderly Law, Program National Support for Oncology Care (PRONON), National Health Care Support Program (PRONAS) and Municipal Fund for Children and Adolescents (FUMCAD).

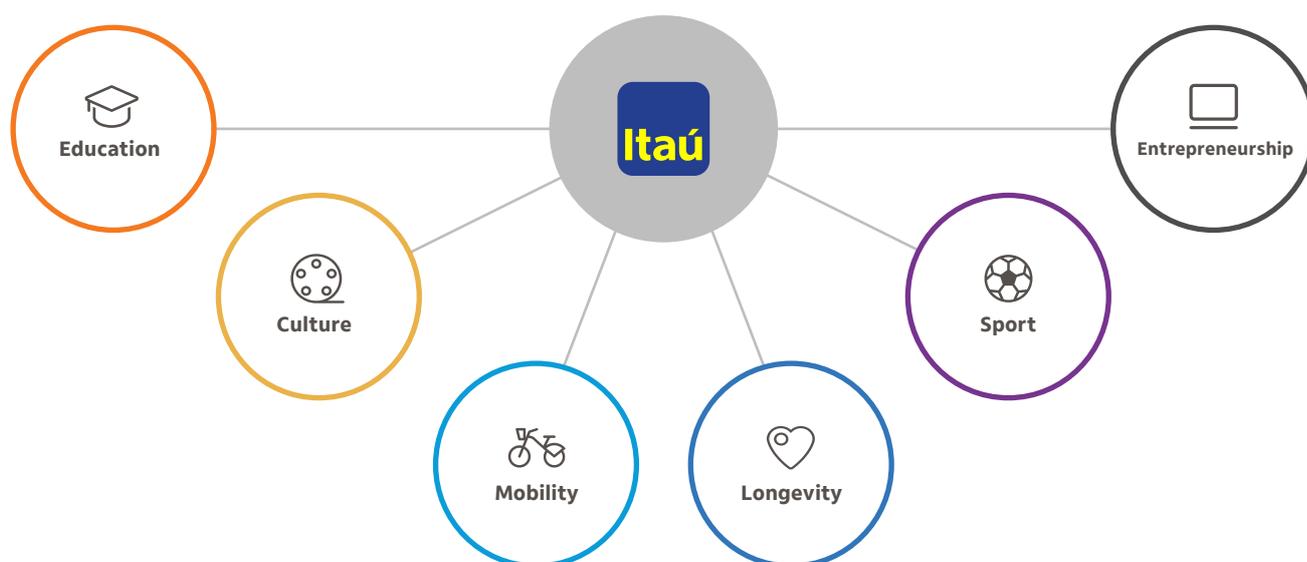


find out more
our history

our fronts are the materialization of our purpose

our fronts	education	health and longevity	innovation and entrepreneurship	mobility	culture	sport
Private social investment in 2020 – R\$ million	285.31	1,423.21	36.00	77.22	160.09	11.86
Investments without tax incentives – R\$ million	273.71	1,396.92	36.00	77.22	112.34	0.55
Number of projects without incentives	635	172	28	44	215	3
Investments with tax incentives – R\$ million	11.60	26.29	-	-	44.75	11.31
Number of projects with incentives	35	34	-	-	118	31
Private social investment in 2019 – R\$ million	343.40	57.50	47.30	86.10	265.50	31.70

action fronts



Itaú Social: develops, implements and shares social technologies to contribute to public education.

Instituto Unibanco: seeks to improve the management of public education to ensure advances in the permanence and learning of students.

Itaú Cultural: initiative aimed at research, content production, mapping, incentivization and diffusion of artistic and cultural manifestations.

Espaço Itaú de Cinema: eight complexes throughout Brazil, with the goal of providing new visions of cinema, and building a critical, conscious and transformative audience, while leaving a legacy for society.

Bike Itaú: invests in civil society initiatives and the production of academic content, in addition to providing 8.3 million bicycles through sharing systems.

Itaú Viver Mais: part of the Longevity program, which supports a protection network for the rights of the elderly by sponsoring initiatives, training professionals and helping prepare public authorities and civil society for demographic change and its impacts.

Sponsorship of more than 40 projects in various modalities, such as football and tennis, from basic to high-performance initiatives; we believe that sport is an important promoter of social inclusion and comprehensive education of the population for the scope of the individual's development.

Cubo Itaú: hub for promoting technological entrepreneurship in Latin America, stimulating business, making connections and sharing knowledge and experience.

For years now, we have been part of various international bodies, entities, programs and compacts.



responsible banking sustainable development climate change transparency and accountability respect and diversity ethics and integrity

endowment funds for social and environmental projects

Itaú Excelência Social (FIES): FIES is an investment fund that invests in socially responsible companies. Aimed at contributing to improving the quality of education in Brazil, the fund allocates 50% of its management fees to qualify the performance of civil society organizations (CSOs) that contribute to the full development of children and adolescents. Since its inception, it has already allocated more than R\$33.4 million, benefiting 197 non-profit organizations.

Ecomudança Program: The Ecomudança (Eco-change) investment funds were created in 2009 as part of the strategy of offering investments that help drive positive changes in society, such as in renewable energy, waste management, forestry, and sustainable agriculture

methods. These funds are managed by Itaú Asset Management, which allocates 30% of the management fees received to organizations responsible for innovative projects with a positive social and environmental impact. The program has already supported 2,034 families, of which 1,180 have seen their income increase by more than 10%. The program's outcomes include:

- 70 funded projects;
- 245,000 seedlings planted;
- 51,000 tCO₂eq emissions avoided; and
- 1.6 tons of waste disposed of correctly.

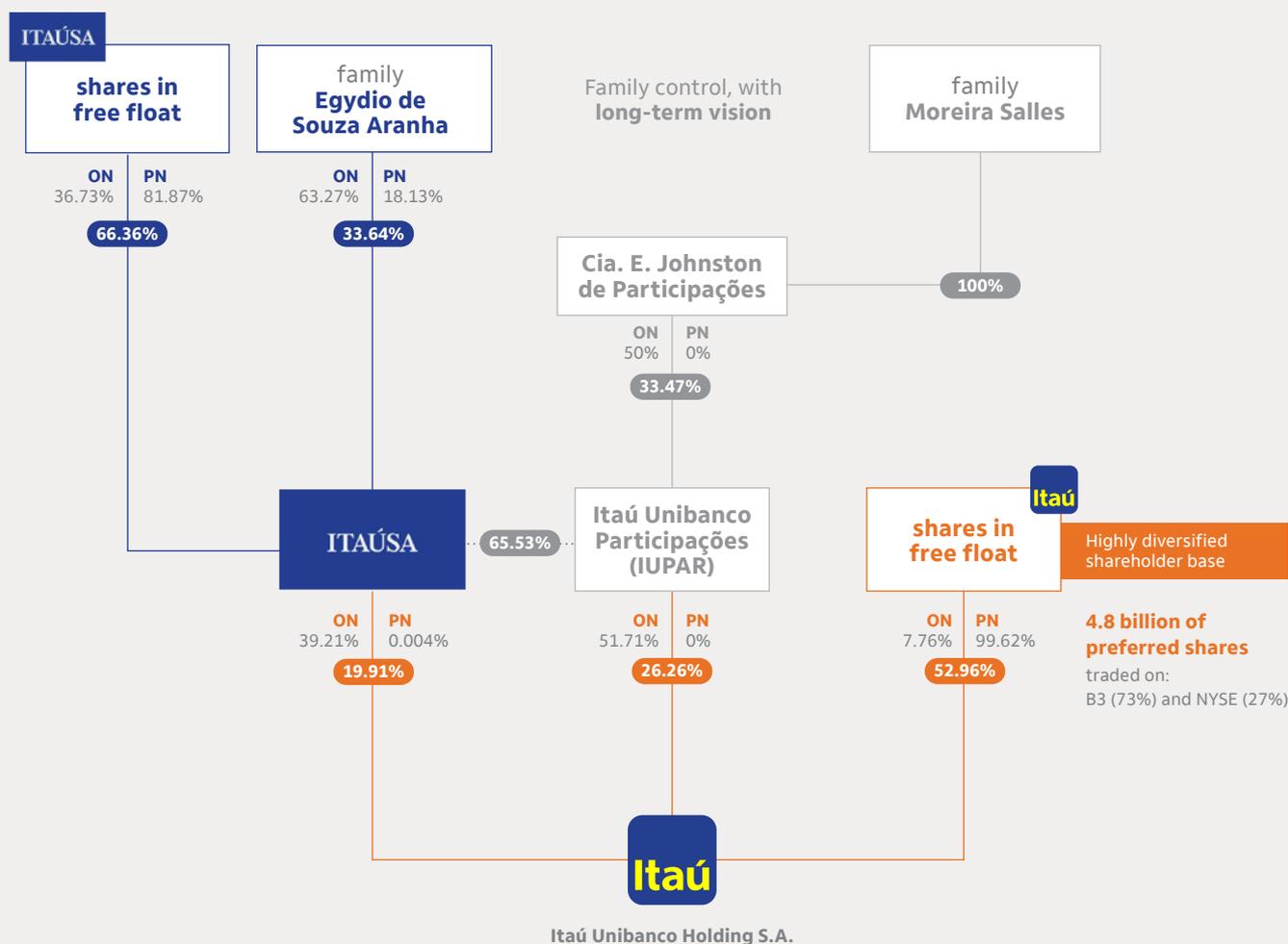
shareholding structure and control

Itaú Unibanco is a financial holding company controlled by Itaú Unibanco Participações S.A. (IUPAR), a holding company that holds 51.71% of our common shares, and is jointly controlled by (i) Itaúsa S.A., a holding company controlled by members of the Egydio de Souza Aranha family, and (ii) Companhia E. Johnston de Participações, a holding company controlled by the Moreira Salles family.

Itaúsa also directly holds 39.21% of our common shares.

Our capital stock is made up of common shares (ITUB3) and preferred shares (ITUB4), both traded on the Brazil Stock Exchange (B3). Our preferred shares are also traded on the New York Stock Exchange (NYSE) in the form of American Depository Receipts (ADRs) under the ticker ITUB.

corporate organization chart on December 31, 2020



performance of our shares

performance	ITUB4 preferred shares (R\$)	ITUB3 common shares (R\$)	ITUB ADR (US\$)
Closing price – on 12/31/2020	31.63	27.93	6.09
Highest price in 2020	38.24	32.79	9.40
Average price in 2020	26.99	24.90	5.32
Lowest price in 2020	20.00	19.46	3.48
Closing price – on 12/31/2019	37.10	32.03	9.15
Change in the last 12 months	(14.7%)	(12.8%)	(33.4%)
Average value traded in 2020 – in millions of shares	1,028.7	23.9	172.3

stockholder base and key indicators	2020	2019	2018
Capital stock – in millions	9,804	9,804	9,804
Common shares (ON)	4,958	4,958	4,958
Preferred shares (PN)	4,846	4,846	4,846
Treasury shares – millions	41.7	58.5	83.6
Number of outstanding shares – millions	9,762	9,746	9,721
Number of stockholders	466,560	244,116	-
Book value per share (R\$)	13.99	13.54	13.55
Price to earnings (PE) ⁽¹⁾	16.32	13.59	13.81
Price to book (PB) ⁽²⁾	2.26	2.74	2.62

(1) Closing price of preferred shares at the end of the period/Net income per share. For the calculation, the accumulated net profit for the last 12 months was considered; and (2) Closing price of preferred shares at the end of the period/Book Value per share at the end of the period.

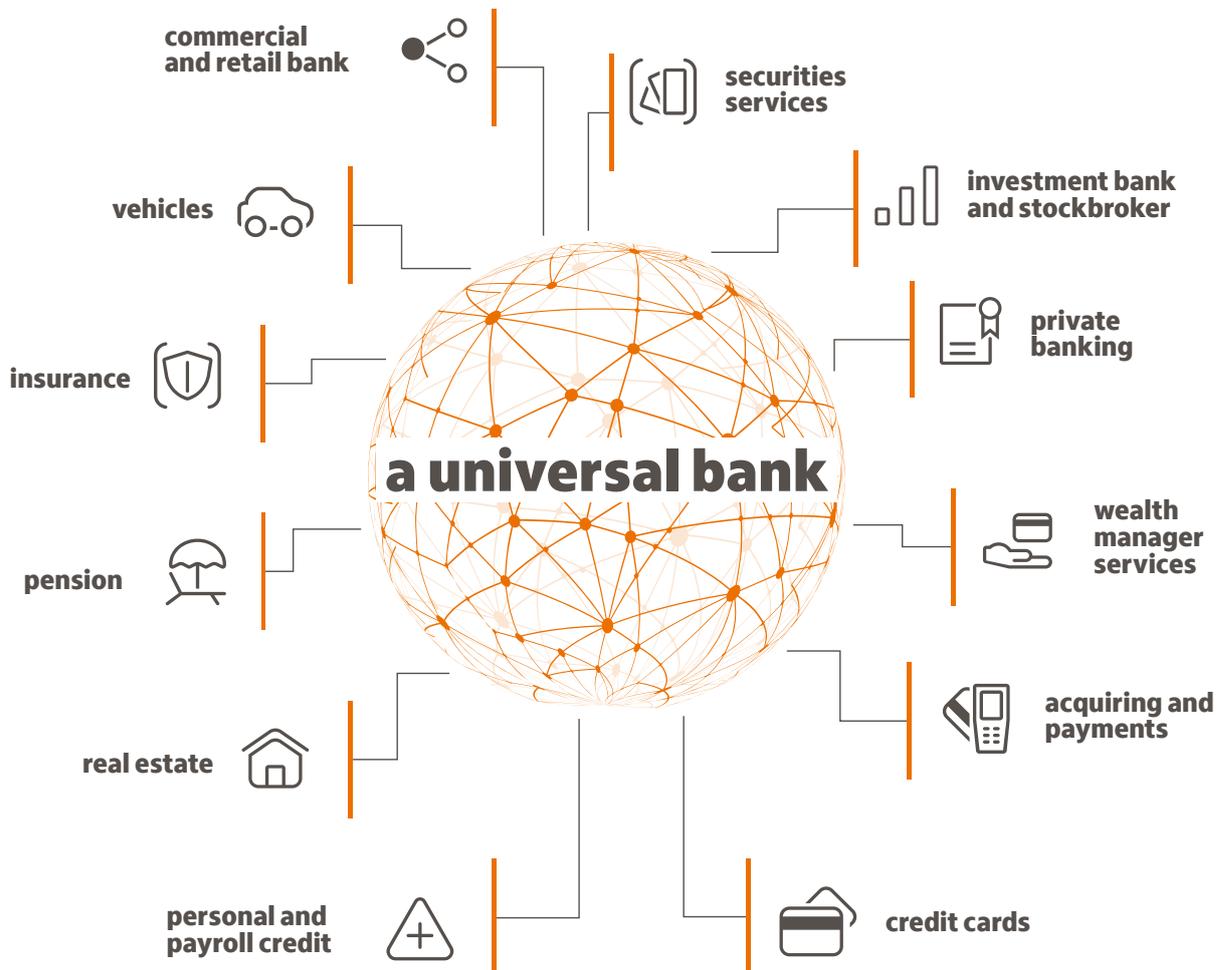
business model

GRI 102-2

We are a multiple bank. We integrate different banking activities into a complete and universal bank and we provide a wide range of financial products and services to a diverse base of individual customers and legal, in Brazil and abroad.

our business and operations

Our operations are driven by a vision of being the leading bank in terms of sustainable performance and customer satisfaction. As a bank, we must help people and businesses to have a healthy relationship with money and make good financial choices. Our responsibility for Brazil's development is part of the essence of our business.



main brands, channels and partnerships

Through our brands, business partnerships and our open platform, we offer a wide range of products and services to our customers, available through various channels, we grant discounts, promotions and exclusive advantages and we offer solutions for the day to day of our customers.

In 2020, we reached the rank of largest private bank of the country in market cap and, for the first time, of most valuable brand in the country according to the BrandZ ranking Brazil, prepared by the research and consultancy company Kantar in partnership with the WPP group.

The BrandZ survey analyzed 500 brands predominantly Brazilian and the calculation considers the value (profitability) and the contribution of each brand.

BrandZ ranking pointed to Itaú as the most valuable investment in Brazil, valued at US\$8.2 billion, after demonstrate stability, even in the midst of a scenario crisis. This recognition is in addition to that of Interbrand, why the bank is considered the most valuable brand in the Brazil for over 10 years, and Folha Top of Mind. For the first time, Itaú Unibanco is in the leadership of the three main brand rankings in the country.

These recognitions reflect the work of all us, and our commitment to stimulate the power of transformation of people, taking into account the changes that the market and society are experiencing passing and shows that we managed to bring relations closer with our customer and give them the best experience.

learn more about other Itaú Group brands



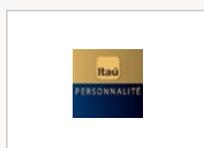
Itaú Unibanco
Universal bank



Itaú Empresas
Micro and small business bank



Itaú Uniclass
Retail Bank



Itaú Personalité
Retail Bank



Itaú BBA
Wholesale, Treasury and Investment Bank



Itaú Corretora
Securities broker



Itaú Private Bank
Private Banking



Itaú Asset Management
Asset management



Itaú Seguros
Insurance



Itaúcard
Credit cards



Hipercard
Credit cards



Credicard
Credit cards



rede
Financial services and acquiring



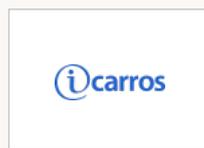
iti
Digital accounts



íon
Digital investment platform



iupp
Points purchase program platform



iCarros
Vehicle purchase, sale and financing platform



recovery
Credit recovery and collection

our capital

financial capital

As a bank, we act as an intermediary for financial transactions, using financial resources obtained by raising funds in the market and transferring them to clients and society, in the form of loans and investments, and charging interest rates that reflect business risks and provide returns for the capital providers.

The different forms of fundraising and funding include: deposits, debentures, financial bills, on-lending transactions, loans, securities, and certificates of structured transactions.

- **R\$2,019.3 billion** in total assets
- **R\$1,864.7 billion** liabilities and other payables
- **R\$143.0 billion** stockholders' equity attributable to controlling shareholders
- **R\$1,068.9 billion** client and other funding
- **R\$873.1 billion** loan transactions⁽¹⁾
- **13.2%** Tier 1 Capital

(1) Credit Portfolio with Financial Guarantees Provided and Private Securities.

social and relationship capital

The sustainability of our business depends on our capacity to innovate and to maintain ethical, long-lasting relationships with clients, employees and investors, and with the community.

Accordingly, we work to stimulate people's power of transformation, while remaining leaders in terms of sustainable performance and client satisfaction. We want to earn the admiration and trust of all our stakeholders, and inspire people to think in innovative ways to transform the world.

- **56 million** retail clients in Brazil and 21,000 institutional and corporate clients
- **24.2 million** digital clients
- **466.5 thousand** individual stockholders in Brazil
- **15,600** suppliers in Brazil
- **R\$1.2 billion** donated to the Todos pela Saúde (All for Health) program to fight COVID-19
- **R\$2.0 billion** in private social investment

human capital

Over the years we have implemented a solid internal culture based on personal appreciation, pride in belonging, and, most importantly, client focus.

In addition to these values, we believe in the strength of diversity. A plurality of genders, races, origins, opinions, cultures and generations, broadens our decision-making standpoints, making us better as an institution both for our employees and our clients.

- **96,500** employees
- **87%** (in Brazil)⁽¹⁾ and **13%** abroad⁽¹⁾
- **42.5%** men⁽¹⁾ and **57.5%** women⁽¹⁾
- **23.4%** self-report as black⁽¹⁾
- **4.6%** are people with disabilities (PwD)⁽²⁾
- **6.0%** aged above 50⁽¹⁾
53.5% aged 30 to 50⁽¹⁾
40.5% aged under 30⁽¹⁾
- **+ 56,000** home-office enabled employees during the pandemic
- **e-NPS: 89 points**
91% of rating between 9-10
- **R\$21.9 billion** invested in compensation, training and incentives

(1) Considers only employees in Brazil: in December 2020, 88,081 employees; and (2) Considers only CLT employees in Brazil: in December 2020, 82,162 employees.

manufactured capital

In a scenario of continuing technological evolution, our challenge is to keep up with digital changes and trends and the way they modify people's behavior, in order to understand and better meet our clients' needs in a timely manner.

Using technology, we offer integrated products and services through a variety of distribution channels that provide greater comfort, convenience and security. In addition, keeping up with technological advances allows us to serve and interact with clients, investors, employees and suppliers, achieve operating efficiencies and gain a deeper understanding of client behavior to ensure client satisfaction.

- **4,337 branches** and site branches in Brazil and worldwide
- **196 digital branches** in Brazil and worldwide
- **+1.3 million** card machines
- **45,556** ATMs
- **99.5% of clients** do not encounter problems when carrying out the main transactions through digital channels
- **70 petabytes** of data processed and analyzed
- **our apps** are among the best rated across the app stores

intellectual capital

Our Board of Directors is composed of professionals with outstanding knowledge and extensive experience in relevant fields. Our performance and success are dependent on the talents and efforts of our highly qualified professionals. The experience and skills of our managers are key to the sustainable growth of our business.

- **50% independent members** on the Board of Directors
- **new Executive Committee** and the mission to lead the bank's operation and transformation
- **acquisition of 52.96% of ZUP's capital** to accelerate our digital development
- **86,000 applicants** to the Trainee 2021 Program
- **talent attraction and development** through international academic sponsorship (MBA, Masters, Sloan and LLM), MBA Summer, Academic Summer and Full Time Associates
- **streamlining operations** and management models
- **allowing more autonomy** and speed in decision making
- **closer** to the Business areas

natural capital

We are an agent of transformation, playing a key role in sustainable development. Looking ahead, we seek to create sustainable value while operating eco-efficiently, through positive impacts, contingency plans, and actions to mitigate and improve the efficiency of water consumption at our business, and investing in renewable energy sources for the maintenance of our operations and projects that contribute to the reduction of our emissions, in addition to programs to promote the reduction and proper disposal of waste.

- **14,561 tCO₂eq**
Scope 1 emissions:
15% increase in 2020
- **29,196 tCO₂eq**
Scope 2⁽¹⁾ emissions:
27% reduction in 2020
- **we offset 100%** of our Scope 1⁽³⁾ emissions and we buy REC certificates zeroing our Scope 2⁽⁴⁾ emissions
- **468,518 MWh⁽²⁾**
total electricity consumption:
reduction of 14% in 2020 – 100% of that energy comes from renewable sources
- **630,466 m³**
in water consumption:
a 52% decrease in 2020
- **15,390 tons**
of waste disposed of to landfill:
a 40% decrease in 2020

(1) Location based; (2) Data referring to Brazil; (3) Brasil and LATAM (Argentina, Paraguay and Uruguay); and (4) Referring to Brazilian emissions.

value creation

Itaú Unibanco's management is based on creating shareholder value. Therefore, it is one of the main indicators that we use for strategic decisions.

From the compensation of our executives to commercial decisions are based on the creation of value.

In this sense, we have the incentive to strengthen our financial performance and control the risks of our operation, since the creation of value corresponds to the result that exceeds our cost of capital.

In 2020, due to the significant impact of the COVID-19 pandemic on our results, our value creation was R\$2.6 billion. In 2019, before the economic and health crisis, we created R\$12.8 billion in value for our shareholders. This amount is determined according to our management result, which is based on the accounting standards established by the Central Bank of Brazil.

Our cost of capital in December 2020 was 13%, an increase of 50 basis points over December 2019.

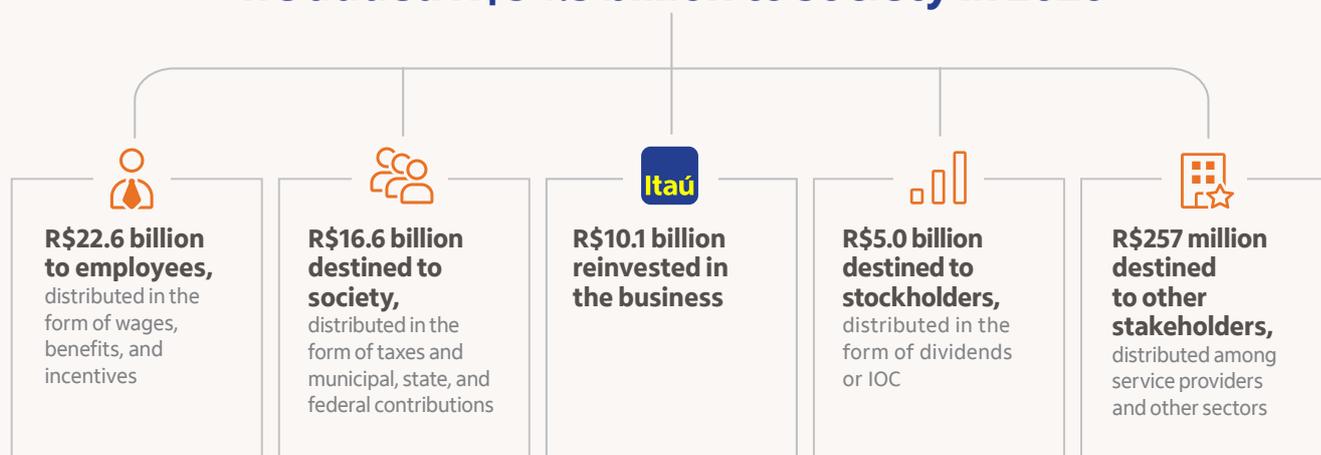
Distribution of Added Value^{(1), (2)}

The presentation of the Statement of Added Value (AVS) is required by the Brazilian corporate legislation and by the accounting practices applicable in Brazil to publicly-held companies. It was prepared in accordance with the criteria defined in the Brazilian Technical Pronouncement of the Accounting Pronouncements Committee (CPC) No. 9 – Statement of Added Value.

The International Accounting Standards (IFRS), however, do not require the presentation of this statement. As a consequence, this statement is presented as supplementary information.

The AVS presents economic data regarding the creation of wealth, its distribution, and the factors that contributed to its creation. We believe that this information is important because it allows analysts, employees, investors, researchers, and other stakeholders to make comparisons and draw conclusions about the Company's social performance.

we added R\$54.5 billion to society in 2020



(1) Calculated in accordance with the accounting practices adopted in Brazil (BRGAAP). Includes recurring net income and the reclassification of the tax effects of hedging investments abroad to net interest income; and (2) Information based on the Financial Statements under BRGAAP.

financial results highlights, in R\$ billion

results information (under IFRS)	2020	2019	2018	% change YoY (20–19)	% change YoY (19–18)
Operating revenues ⁽¹⁾	117.9	119.6	104.2	(1.4%)	12.4%
Interest income ⁽²⁾	67.8	71.8	60.7	(5.7%)	14.2%
Income from services rendered and income from insurance and pension funds ⁽³⁾	43.0	43.6	40.8	(1.2%)	6.9%
Expected losses on financial assets and claims	(26.0)	(18.6)	(10.2)	39.9%	82.4%
General and administrative expenses	(64.2)	(61.0)	(57.5)	5.2%	6.0%
Net income	15.1	27.8	25.6	(45.8%)	8.5%
Net income attributable to the owners of the bank	18.9	27.1	24.9	(30.3%)	8.9%
Annualized managerial recurring return on average equity ⁽⁴⁾	14.3%	20.9%	20.4%	(6,600) bps	1,200 bps
Dividends and interest on capital, net ⁽⁵⁾	4.50	18.78	22.4	(76.0%)	(16.3%)
Net income attributable to the bank's owners, per share (R\$)	1.94	2.78	2.56	(30.2%)	8.6%

equity information	2020	2019	2018	% change YoY (20–19)	% change YoY (19–18)
Total assets	2,019	1,637	1,553	23.3%	5.5%
Total lending operations ⁽⁶⁾	873.1	725.3	640.5	20.4%	10.8%
Equity attributable to the bank's owners	143.0	136.9	136.8	4.4%	0.1%
Tier I Capital Ratio	13.2%	14.4%	15.9%	(1,200) bps	(1,500) bps
Weighted average outstanding shares	9.8 billion	9.7 billion	9.7 billion	0.2%	0.2%

(1) Sum of (i) interest income from and return on financial assets at amortized cost and fair value through other comprehensive income, (ii) interest income and dividends from and return on financial assets at fair value through profit or loss, (iii) interest expenses and returns, (iv) adjustment to fair value of financial assets and financial liabilities, (v) gains on foreign exchange transactions and exchange differences on translation of foreign operations, (vi) service revenue, (vii) revenue from insurance and pension fund operations before expenses related to claims and selling expenses; and (viii) other income. To improve comparability, the tax effects of the hedges on investments abroad were reclassified; (2) Sum of (i) interest income from and return on financial assets at amortized cost and fair value through other comprehensive income, (ii) interest income and dividends from and return on financial assets at fair value through profit or loss, (iii) interest expenses and returns, (iv) adjustment to fair value of financial assets and financial liabilities; and (v) gains on foreign exchange transactions and exchange differences on the translation of foreign operations. To improve comparability, the tax effects of hedges on foreign investments were reclassified; (3) Sum of service revenue and revenue from insurance and pension fund operations before expenses on claims and selling expenses, net of reinsurance; (4) The return was calculated by dividing the managerial recurring income by the average stockholders' equity. The ratio obtained was multiplied by the number of periods in the year to obtain the annual ratio. The calculation bases of the returns were adjusted by the amounts of dividends proposed after the end of the reporting period, not yet approved at annual stockholders' meetings or Board of Directors' meetings; (5) Interest on Capital: amounts paid/provided for, declared and separately disclosed in stockholders' equity; and (6) Loan portfolio with financial guarantees provided and private securities.

General Stockholders' Meeting

The company's supreme body that brings stockholders together, either on an ordinary or extraordinary basis, through a call notice as set forth by law. The 2020 General Stockholder's Meeting took place on April 28, 2020, with the respective filing of the Information on the Annual General Meeting at the CVM on March 27, 2020. The 2021 General Stockholder's Meeting is scheduled for April 27, 2021, with the filing of the Information on the Annual General Meeting at the CVM on March 27, 2021.

- Annual General Stockholders' Meeting: it is held in the first four-month period of each year, to review, discuss and vote the financial statements submitted by management, resolve on the allocation of net income for the year, payout of dividends and election of members to the Board of Directors and the Fiscal Council.
- Extraordinary General Stockholders' Meeting: it is held when convened to resolve on key matters that are not the exclusive responsibility of the Annual General Stockholders' Meeting.

The Annual Stockholders' Meeting is open on first call with the attendance of stockholders representing at least 25% of voting capital. Any amendments to the Bylaws should be resolved on at an Extraordinary Stockholders' Meeting, which will be open on first call with the attendance of stockholders representing at least two thirds of the voting capital.

Our meetings are held with a quorum representing approximately 90% of our voting capital.

Board of Directors

Our Board of Directors consists of professionals with exceptional knowledge and expertise in different areas of expertise, some of the key differentials of our management.

It is responsible for setting out our general business guidelines, including for our subsidiaries, and holds ordinary meetings eight times per year and extraordinary meetings whenever necessary.

Board of director's main duties

- Defining and monitoring the strategy;
- Assessing mergers and acquisitions;
- Monitoring the Executive Committee performance;
- Appointing officers (meritocracy);
- Approving the budget;
- Defining and supervising risk appetite and policies for capital use;
- Defining and monitoring incentive and compensation models and establishing goals;
- Supervising the technology strategy;
- Defining meritocracy policies; and
- Supervising the business operation.

The evaluation process of the Board of Directors is carried out by a third-party. Each director evaluates themselves, the other directors and of the organ as a collegiate.



2 Co-Chairmen

Pedro Moreira Salles 2 4 6 7 8
Roberto Egydio Setubal 5 6 8



1 Vice-President

Ricardo Villela Marino 6



9 members, being 6 independent members

Alfredo Egydio Setubal 2 4 7
Ana Lúcia de Mattos Barretto Villela 2 4 7
João Moreira Salles 6
Fábio Colleti Barbosa 2 3 4 6 7
Gustavo Jorge Laboissière Loyola 1 3 8
José Galló 2
Marco Ambrogio Crespi Bonomi 4 5
Pedro Luiz Bodin de Moraes 3 5 8
Frederico Trajano Inácio Rodrigues

Board of Directors Committees

- 1 Audit Committee
- 2 Personnel Committee
- 3 Related Parties Committee
- 4 Nomination and Corporate Governance Committee
- 5 Risk and Capital Management Committee
- 6 Strategy Committee
- 7 Social Responsibility Committee
- 8 Compensation Committee

It is composed of 12 members, all non-executive, and of whom six are deemed independent⁽¹⁾ (50%). The turnover of the Board member is carried out in accordance with our bylaws, which provide for the ineligibility of persons who have reached the age of 70. Members are elected annually by our stockholders.

In March 2021, we announced changes in the composition of the Board of Directors, to be approved at the April 2021 General Stockholder's Meeting. In the proposal, the independent members, Gustavo Jorge Laboissière Loyola and José Galló, are no longer part of our Board of Directors, with the election of the new members, Candido Bracher

and Maria Helena Santana (independent director). After obtaining the approvals, the Board of Directors will continue to be composed of 12 members, all non-executive, and of whom two are female directors (16%) and five independent members (42%). All resolutions of the meeting will be submitted for approval by the Central Bank.

Our committees report directly to the Board of Directors. The Board of Directors is responsible for electing the members of the committees for one-year terms of office. They must have proven knowledge in the respective areas of work and technical qualification compatible with their duties.

Our 8 committees report directly to the Board of Directors

Since 2004

Audit

100% of the members are independent
60 meetings in the year

Ensures the integrity of the financial statements; complies with legal and regulatory requirements; and ensures the efficiency of internal controls and risk management.

Since 2011

Compensation

100% of the members are non-executive
5 meetings in the year

Promotes discussions on incentive and compensation models; develops compensation policies for management members and employees; and establishes goals.

Since 2009

Personnel

100% of the members are non-executive
4 meetings in the year

Establishes policies for attracting and retaining talented professionals; proposes guidelines for recruiting and training employees; and presents longterm incentive programs and monitors the culture of meritocracy.

Since 2009

Strategy

100% of the members are non-executive
5 meetings in the year

Proposes budgetary guidelines; provides inputs for decision making processes; recommends strategic guidelines and opportunities for investments internationalization and new business areas creation.

Since 2019

Social Responsibility

4 meetings in the year

Defines strategies to strengthen our social responsibility; monitors the performance and defines the allocation process of the Rouanet Law.

Since 2013

Related Parties

100% of the members are independent
12 meetings in the year

Manages transactions between related parties; and ensures equality and transparency for these transactions.

Since 2009

Risk and Capital Management

100% of the members are non-executive
12 meetings in the year

Supports the Board of Directors; establishes the risk appetite; evaluates the cost of capital and the minimum return expected; allocates capital; oversees risk management and control; improves risk culture and complies with regulatory requirements.

Since 2009

Nomination and Corporate Governance

100% of the members are non-executive
3 meetings in the year

Periodically reviews the criteria for nomination and succession; provides methodological support for the assessment of the Board of Directors and Chief Executive Officer; nominates members of the Board of Directors and Senior Vice Presidents (Diretores Gerais); and analyzes potential conflicts of interests.

Strategic committees



Since 2018

LATAM Strategy Council

Assesses the outlooks for the world economy; adopts internationally accepted trends, codes and standards; and provides guidelines for the Board of Directors to analyze opportunities.



Since 2017

Digital Advisory Board

Proposes technological developments, assesses client's experience and follows world trends.

(1) An independent member is characterized as a person that has neither a commercial relationship nor any other relationship with the Company, with a company under the same control, with a stockholder, part of the controlling group or with a member of the management body which could (i) result in a conflict of interests or (ii) affect their capacity and impartiality of analysis and point of view. The following members are considered independent members: Fábio Colletti Barbosa, Frederico Trajano Inácio, Gustavo Jorge Laboissière Loyola, José Galló, Marco Ambrogio Crespi Bonomi, and Pedro Luiz Bodin de Moraes.

New Executive Committee⁽¹⁾

Since the beginning of 2021, this group has the mission to lead the bank's operations and transformation, in line with the priority fronts of customer satisfaction, efficiency, digitalization and focus on growth.

In 2020, we made significant changes to our Executive Committee. The new configuration aims to central bank to bring the Executive Committee closer to business and, thus, simplify Itaú's operation and management model, allowing greater autonomy and speed in decision making. Below are details of the new Committee and its composition of executives:

Board of Officers

It implements the guidelines proposed by the Board of Directors. Officers manage our daily business activities, ensuring the best allocation and management of funds to accomplish the goals we have set. It is composed of five to 30 members, including Chief Executive Officer, Senior Vice-President, Director Vice-President, Executive Officer and Officer, in conformity with the guidelines set out by the Board of Directors for filling these positions. Members are elected annually by the Board of Directors. Each member elected to our Board of Officers must be approved by the Central Bank of Brazil. According to Brazilian law, an acting officer retains their position until they are reelected or a successor takes office.

Disclosure and Trading Committee

Committee responsible for: Managing the Policy for the Disclosure of Material Information and the Policy for Trading Itaú Unibanco Holding S.A. Securities; Carrying out internal actions intended to improve the information flow; Promoting the ethical conduct of our management members and employees; and Ensuring transparency, quality, equality and security of the information provided to our stockholders, investors and other capital market players. It is composed of: Members of the Board of Directors; Members of the Board of Officers of Itaú Unibanco Holding or any other Itaú Unibanco Conglomerate company; Professionals of proven knowledge in the capital markets area; and Investor Relations Officer (a permanent member of the Committee).

(1) The changes in the composition of the Executive Committee, announced in December 2020, will be approved at the Extraordinary General Meeting in April 2021.

new Executive Committee



Candido Bracher

Former CEO and future member of the Board of Directors



Milton Maluhy Filho

CEO

business areas



Alexandre Zancani

Auto loans, mortgage, "consorcio", credit for individuals, and recovery, among others



André Sapoznik

Payments, operations, service and marketing



André Rodrigues

Retail banking, digital channels, UX, insurance and SME finance



Carlos Constantini

Wealth Management & Services (WMS)



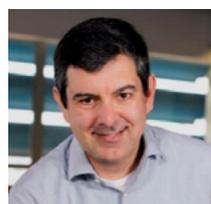
Flávio Souza

Commercial bank, CIB, ECM and DCM, research and wholesale credit



Pedro Lorenzini

Treasury, asset products and client desks, macroeconomics and operations in South America



Ricardo Guerra

Technology

support areas



Alessandro Broedel

CFO – Finance and investor relations, real estate assets and procurement



Leila Melo

Legal, ombudsman, institutional communication, sustainability and government relations



Matias Granata

Market, credit and operational risks, capital management, corporate security, compliance and AML



Sergio Fajerman

People

Fiscal Council

A body operating independently from Management, our external auditors and the audit Committee. It supervises the activities of our Management, reviews and opines on our financial statements for the year ended, among other duties established by Brazilian law. It is composed of three to five members elected annually by our stockholders, one of whom by minority preferred stockholders.

committees that take care of socio-environmental issues, diversity and social investment

Environmental and Social Risk Committee

Resolving on how the institution understands issues concerning its exposure to the E&S risk, recommending roles and responsibilities for E&S management; resolving on cases of noncompliance with E&S management policies and procedures; and, if applicable, submitting any related noncompliance cases to applicable forums. Composed of officers of the Risk, Compliance, Legal, and Sustainability departments, and the professionals in charge of other departments may be called according to the matters to be resolved.

Advisory Committee on Diversity

Debating projects, presenting trends, building partnerships, and discussing the bank's progress in the diversity agenda. It meets bimonthly and gathers managers and specialists who work in civil society to promote the pillars of race, gender, LGBT+, and disabled people, thus fulfilling the mission of keeping the institutional discussion up-to-date. Consisting of one member of our Board of Directors and prominent persons in the matter.

Strategic Committee on Foundations and Institutions

Making strategic decisions on Itaú Unibanco's private social investments, as well as managing the risks associated with the foundations, institutes and associations. Composed of the President, Vice-Presidents, Officers and Superintendents of all our foundations and institutes.

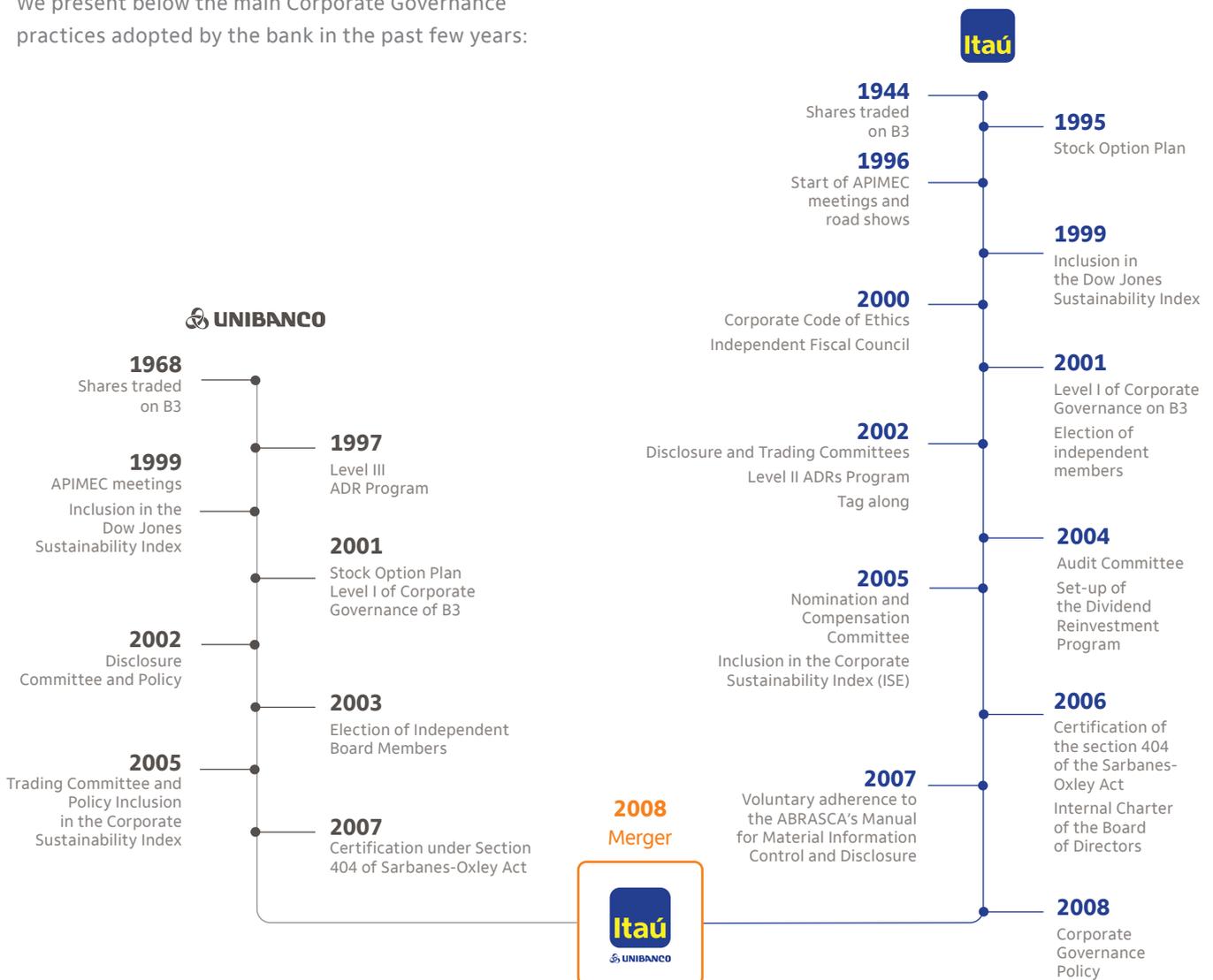
our policies and internal charters

We adopt policies in order to formalize and consolidate existing structures to protect the interests of our employees, management members and stockholders, as well as to promote our culture and values.

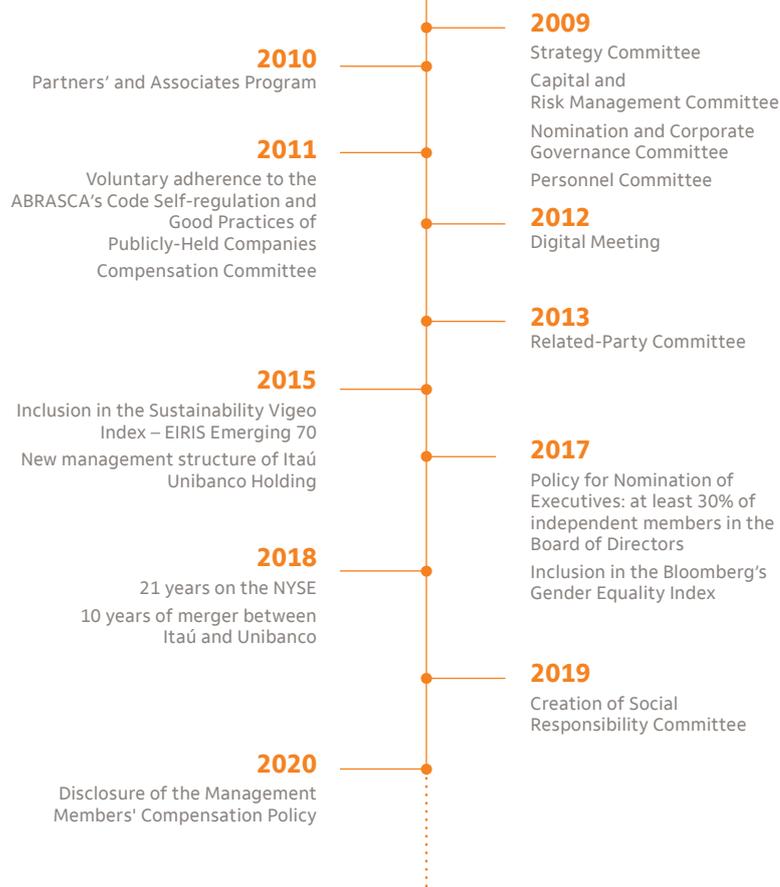
We run our business in an ethical and transparent approach, preventing and fighting fraud and illegal acts, thus ensuring our business sustainability. Below we present the main regulations related to our Corporate Governance, including our Bylaws, both approved by our Board of Directors.

our practices

We present below the main Corporate Governance practices adopted by the bank in the past few years:



 **find out more**
history of governance



our policies and internal charters

Policy for Trading Itaú Unibanco Holding S.A.

Securities Establishes guidelines and procedures to be followed by us and bound persons, to ensure transparency in the trading of our securities by all interested parties, without privileging some to the detriment of others.

Relationship Policy with Public Officials and Contracting with Bodies, Entities and Companies of Public Administration

Guides our relationships with public officials and public entities with respect to our institutional interests and the financial system in general, in an organized manner.

Corporate Governance Policy

Consolidates the Corporate Governance principles and practices adopted by us so that they can be disseminated throughout our Company.

Corporate Policy and Procedure Disclosure of Material Information

Addresses the public disclosure of material information and the requirement to keep such information confidential until disclosed in accordance with applicable rules.

Corporate Corruption Prevention Policy

This policy is one of the components of the Integrity and Ethics Program and aims to strengthen Itaú Unibanco commitment in preventing and fighting off corruption in all of its forms. It establishes guidelines and procedures for preventing and combating corruption, such as training, communication, and channels of doubt and claims, procedures aimed at avoiding conflicts of interest in relations with our stakeholders (customers, suppliers, partners, non-profit entities, among others) in the public and private sectors.

Management Members' Compensation Policy

Aimed at attracting, retaining and rewarding, in a meritocratic way, the deliveries made by management members, in addition to encouraging them to keep prudent levels of risk exposure in the short, medium and long-term strategies in the conduct of its business, in accordance with the interests of stockholders and the organization's culture, so that the Itaú Unibanco Conglomerate can achieve sustainable results.

Transactions with Related Parties Policy

Establishes rules and consolidates procedures to be followed in related party transactions, ensuring equality and transparency and as such, ensuring stockholders, investors and other stakeholders that we are in compliance with best Corporate Governance policies.

Policy for the Nomination of Members of the Board of Directors, Committees Reporting to the Board of Directors and the Executive Board

Establishes minimum requirements for the nomination of members to the Board of Directors, Board of Directors committees and our Board of Officers.

Corporate Conduct, Integrity and Ethics Policy

Establishes additional guidelines to our Code of Ethics related to the Integrity and Ethics Corporate Program, including conflicts of interest and ethical dilemmas situations.

internal charters

We have internal charters that regulate the operation of our Board of Directors, Board of Directors Committees, Board of Officers and Fiscal Council, in conformity with applicable legislation and best Corporate Governance practices.

Code of Ethics

Applies to all of our employees, members of the Board of Directors and officers and is based on principles that support an organizational culture focused on the enhancement of people, strict compliance with rules and regulations and continuous development.

Bylaws

Establish our principles and rules of operations, such as the definition of our corporate purpose, composition of capital stock, responsibilities of statutory bodies, appropriation of net income, and our listing segment in stock exchanges, among others.



find out more
rules and policies

compensation and incentives

We embrace clear and transparent processes in our compensation strategy, complying with applicable regulations and the best national and international market practices, as well as ensuring consistency with our risk management policy.

Our compensation policy aims to consolidate our compensation principles and practices in order to attract, reward, retain and to encourage managers and employees in the sustainable conduct of business, subject to proper risk limits and always in line with stockholders' interests. In addition, we have a Compensation Committee reporting to the Board of Directors, whose duties include:

Preparing a policy for the compensation of management members, proposing to the Board of Directors the many forms of fixed and variable compensation, in addition to special benefits and recruitment and termination programs.

Discussing, analyzing and supervising the implementation and operation of existing compensation models, by discussing general principles of the employee compensation policy and recommending improvements to the Board of Directors based on the policy principles.

Proposing to the Board of Directors the aggregate compensation amount for management members to be submitted to the Annual Stockholders' Meeting.

Preparing the Compensation Committee Report on an annual basis.

employees compensation is composed of

monthly fixed compensation

Determined in accordance with the complexity of an individual's work duties and their performance with respect with such duties. Employees' fixed compensation changes according to our Promotion and Merit Policy, which takes into account the employees' seniority, responsibilities and personal performance when carrying out duties over the period under evaluation. In addition, employees are entitled to salary adjustments, in accordance with applicable collective bargaining agreements.

variable compensation

It acknowledges the level of dedication, results achieved and the short, medium and longterm sustainability of these results. Additionally, employees are entitled to receive additional amounts if provided in applicable collective bargaining agreements.

benefits

We provide several benefits agreed with labor unions representing our employees' many professional categories, which are established in the respective collective bargaining agreements, such as: food allowance, day care or baby sitter, transportation etc.

compensation strategy

Our compensation and benefit strategies vary according to the area of activity and market parameters. Our fixed and variable compensation policy is in line with market practices and our compensation strategy varies according to the unit in which each employee works. We periodically verify these parameters by:

- Commissioning salary surveys conducted by specialized consultants;
- Participating in surveys conducted by other banks; and
- Participating in specialized compensation and benefit forums.

Additionally, our employees are also eligible for:

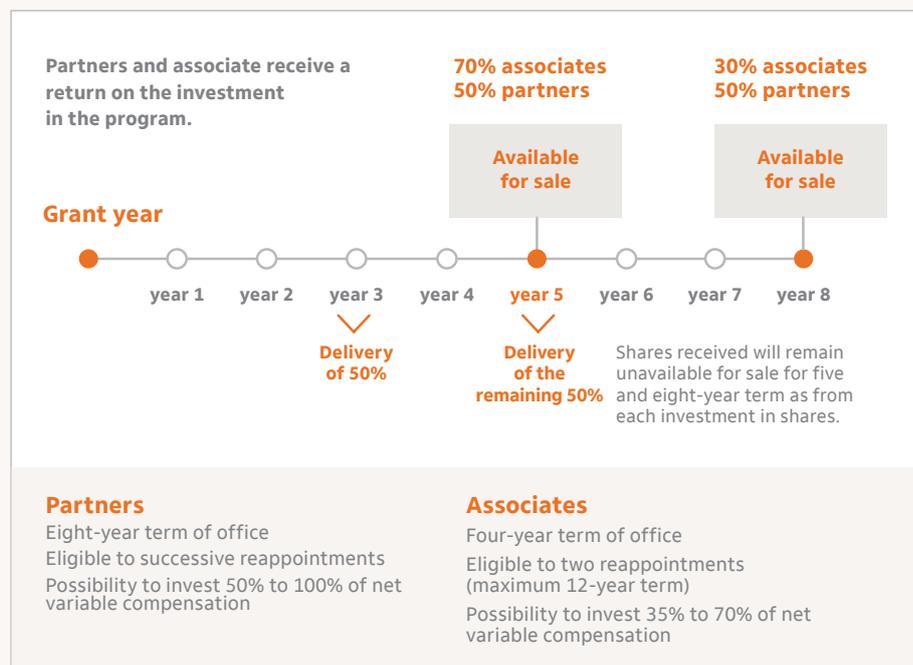
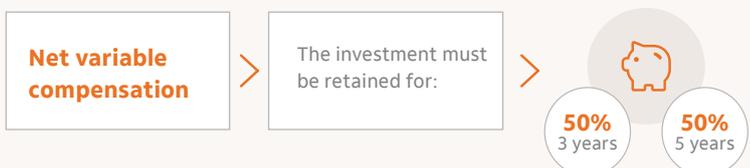
- High Performance Compensation (PRAD), which consists of supplementary results sharing for 30% of the employees with the best appraisals, based on meritocratic criteria.

- Differentiated Performance (PD), a model that considers the individual assessment of employees in leadership positions or similar positions in our organization and aims to reward the professionals who were highlighted in results and behavior – granting compensation in the form of our preferred shares (ITUB4) on a deferred basis.
- The Partners Program, which recognizes and highlights those professionals who make a difference and who lead the construction of a bank focused on the future, aligned with our vision and our values. In order to align the interests of our directors and employees with those of our shareholders, we maintain a partner and associate program aimed at managers and employees with differentiated performance.

partners and associates program

Long-term incentives

The program offers to participants the opportunity to invest in our non-voting shares (ITUB4), receiving a return also in shares, **sharing short, medium and long-term risks.**



The partners program **may also consider other instruments derived from shares**, as opposed to actual shares.

The share price considered at the grant and delivery dates is **calculated on the seventh business day before of each event**, considering the average closing price in the 30 days prior to the calculation.

Any partners and associates shares not yet received will also be subject to "Malus", a reduction proportional to a possible reduction in the recurring net profit realized or negative result in the Business area, except when the reduction or negative result arises from extraordinary, unpredictable events and external to the Itaú Unibanco conglomerate, which also affect other financial institutions and are not related to management actions or omissions. The Compensation Committee may decide to apply the "Malus" even in these cases.

The employees and management members elected as partners or associates may invest part of their Profit Sharing in the acquisition of our shares, receiving a counterpart in shares from the bank.

All our employees are covered by collective labor agreements and conventions. The main stipulated benefits in these agreements for employees working in Brazil are: meal allowance, basic staples allowance, day care/baby sitter allowance, transportation allowance.

In addition to those benefits set forth in collective bargaining agreements, we offer a number of other benefits which may be granted according to each employee's category or regulation applicable to each jurisdiction:

- medical and dental care plans;
- private pension plans;
- group life insurance;
- annual health check-up;
- parking lot spaces;
- psychosocial and personal care services;
- differentiated banking products; and
- financial services.

stock-based profit sharing to employees

We have a stock-based profit-sharing program for a specific group of employees, acknowledging those who had outstanding performance during the current year. The program consists of granting preferred shares (ITUB4) or equivalent instruments. Subject to the limits established by the Compensation Committee.

eligible audience

10% of the best performance Managers

~30%⁽¹⁾ of the best performance Superintendents

(1) The eligibility for Superintendents might overcome the 30% mentioned above, as there is no limit to recognize performances which exceeded expectation.

compensation of management members

Composition of the annual compensation of members of the Board of Directors, Board of Officers, Fiscal Council and Audit Committee.

	Board of Directors ^{(1), (2), (3)}	Board of Officers ^{(2), (5)}	Fiscal Council	Audit Committee ^{(3), (4)}
Monthly fixed compensation	Aggregate amount of fees in cash approved at the Annual General Stockholders' Meeting.	Aggregate amount of fees in cash approved at the Annual General Stockholders' Meeting.	Fees in cash approved at the Annual General Stockholders' Meeting.	Fees in cash determined by the Board of Directors.
Annual fixed compensation	Stock-based compensation approved at the Annual General Stockholders' Meeting.			
Annual variable compensation	Stock-based compensation approved only in the event of a resolution of the Compensation Committee, subject to the guidelines of CMN Resolution No. 3,921 and limited to the extent determined by the Annual General Stockholders' Meeting.	Statutory profit, sharing and fees (in cash and in shares) approved by the Compensation Committee and Limited to the annual amount approved at the Annual General Stockholders' Meeting.		
Benefit plan		Composed of medical and dental care plans, check-up, private pension plan, parking lot and life insurance.		

(1) In the event that a member of the Board of Directors is also part of the Board of Officers of Itaú Unibanco or its subsidiaries, the compensation will be in line with the compensation model of the Board of Officers. Management members who are also part of statutory or non-statutory committees or of our subsidiaries or affiliates are compensated according to their duties in the executive bodies or areas in which they work. As a rule, they do not receive a specific compensation for belonging to these committees. A non-management member of the Compensation Committee is compensated for his/her duties executed in the referred Committee; (2) Maximum compensation amounts are defined based on the limits imposed by Article 152 of the Brazilian Corporate Law; (3) Members of the Board of Directors and Audit Committee only receive benefits if they have previously been officers of the Company; (4) For those members of the Audit Committee who are also part of the Board of Directors, the compensation policy envisaged for the Board is adopted; and (5) Variable compensation factors in three major components: the officer's performance, the results of the Applicable Business department, and the Company's financial results. The financial results of the Company and Business departments factor in: • Overall Operating Income – Recurring net income: measures the result achieved by the bank in the year and is compared to the prior year's result and the expected result in the budget approved by the Board of Directors. • Value Creation – Economic Value Added (EVA): measures the bank's value added to stockholders in excess of its cost of capital. In addition to the measures above, the CEO's compensation may also vary according to our return on equity, cost of capital and net income when compared to our main competitors. Our Compensation Committee reviews these measures every year and if any differences from competition arise, it will apply a reduction to the CEO's annual compensation amount. The assessment of results is measured against the following goals: • Financial: mainly aimed at the Overall Operating Income – Recurring net income and Value Creation – EVA. • Non-financial: mainly related to customer satisfaction surveys and risk management.



find out more

Form 20-F 2019 > **6B. Compensation**



value creation strategy

4E. Strategy and resource allocation; 4F. Performance; 4G. Outlook

52 strategic levers

- 53 client centricity
- 61 digital transformation
- 68 people
- 83 efficiency

85 positive impact commitments

- 87 transparency of reporting and communications
- 88 responsible investment
- 89 financing in positive impact sectors
- 90 inclusion and entrepreneurship
- 91 financial citizenship
- 92 ethics in relations and business
- 93 responsible management
- 96 inclusive management
- 98 private social investment

strategic levers

As a universal bank offering a wide range of financial products and services to a broad base of clients of all profiles, we see change and challenge as important opportunities to transform ourselves, while keeping in view our main objective: **change league**.

We want to be among the best companies in the world for client satisfaction, regardless of industry or geography.

In this context, based on collective reflection, we have defined our priority strategic levers, in order to ensure the consistency and quality of our earnings in the coming years: client centricity, digital transformation, people, and efficiency.



client centricity

Client centricity as a conductor of our strategy. It is key that we put ourselves in our client's shoes by listening to them and taking part of their experiences in all our channels.



digital transformation

Digital transformation is one of the main tools for improving our clients' experience, and thus meeting their new expectations. We are committed to providing our clients with the best experience and the highest level of digital security.



people

People management is also highly important because we need to attract and retain the best talent, as well as encouraging the behaviors required for our continual transformation.



efficiency

We constantly aim to improve the efficiency of our activities in order to remain competitive. We have been managing our costs carefully for years, including through substantial ongoing investments in technology, focused on automation and process efficiency. We believe that efficiency is one of the main levers for improving profitability, and we are focused on delivering even greater structural gains in the coming years.



client centricity

Our ambition is to be one of the best companies in the world for client satisfaction. Our actions, including our digital transformation and people management efforts, are driven by client satisfaction, a key metric for the entire organization. We continuously and tirelessly seek to improve people's experience in each of their interactions with the bank, by shifting our culture to place the client at the heart of everything.

Our clients' demands are always evolving. This allows us to live up to the challenge of serving them well, while respecting their individuality and preferences. We want, therefore, to be a benchmark company for individual and business client satisfaction. This means, for example, thinking in terms of experience, rather than product,

and monitoring how we deliver solutions and relate to clients continuously, not just occasionally. This means listening to and focusing on the client from the very beginning of each product's development trajectory.

To transform our clients' experience, we widened the scope of our benchmarks and models beyond the banking sector, and looked for inspiration to companies which are benchmarks for client satisfaction, regardless of country and industry. Achieving these companies' levels of client satisfaction is our challenge – which we call changing league. To do this, we need to understand what our clients are looking for, and how each of us can help them in this search.

we want to **change league**, and the seven principles of **client centricity** will get us there

- 1** we know and understand our client.
- 2** we prioritize the client in decision-making.
- 3** the client's problem is my problem.
- 4** enchanting the client is everyone's responsibility.
- 5** we innovate, test together with the client, and learn quickly from our mistakes and successes.
- 6** we communicate with the client in a clear, simple, transparent way.
- 7** we recognize and reward client satisfaction.

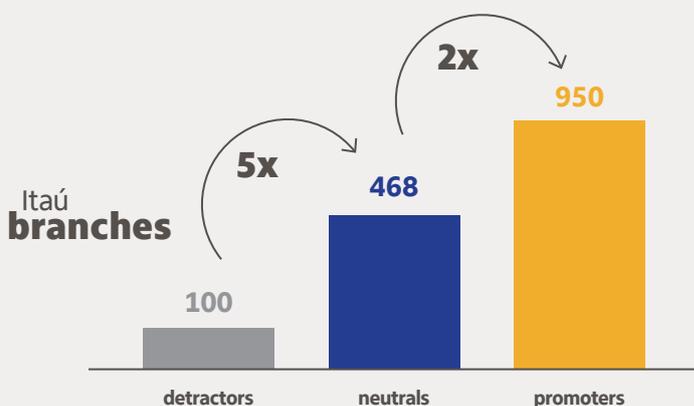
We believe that change comes from the inside out. That is why our initiatives are aimed at improving the experience not only of our clients, but also our employees, by changing the way we work. Putting ourselves in the client's shoes should be part of our daily life.

It is key for the entire company to engage in this goal. That is why we have developed our business model to consolidate client centrality as the common thread of our strategy.

To increase the effectiveness of our decisions, we have revised our metrics to measure and track the evolution of client satisfaction. Thus, since 2018, we have adopted the Net Promoter Score (NPS), a universally accepted method for assessing satisfaction. We ask clients how likely they are to recommend Itaú Unibanco to a friend on a scale of 0 to 10. In 2020 we met the challenge of adding +10 points to our Global NPS (compared to 2018). We want to add +27 points by 2023 (compared to 2018).

satisfied clients create more value

Present value of R\$/client recurring managerial result, 5-year forecast (base 100)



10x

The difference between the present value created by a client who advocates for the Itaú Branches segment, against the value generated by one who knocks it

2023 challenge – Global NPS



We want to be compared to the world's best companies in client satisfaction



Comparable companies

In addition, we also created a regular forum for discussing clients' experience with Itaú, and understand how we can improve this experience. In this sense, our actions are prioritized according to the potential for service improvements. We take into consideration both the volume of transactions and the number of clients impacted, and each client's perception of their relationship with us. We created the Client Executive Forum, which involves periodic meetings of our executive committee, with a focus on integrating client centrality into all our executive departments.

Based on the seven principles of client centricity, we have created rituals in our workplace to ensure we understand the true needs of clients, and thus can create tools to improve their experience.



goals of the Client Executive Forum

- 1 review client satisfaction
- 2 track the progress of client-centric initiatives
- 3 analyze what we do and how we can improve
- 4 make decisions regarding client centricity and our strategic fronts

We started listening more to our clients and their needs for the purpose of improving user experience regarding our products and services. To this end, we put together the channels Itaú Escuta (Itaú Listens) at the Retail Bank and Callback at the Wholesale Bank.



+430 thousand feedbacks⁽¹⁾

Active contact to understand our clients' experience



+37 thousand meetings⁽¹⁾

Lessons learned from client feedbacks to enhance their experience

(1) Period: Jan/20 to Dec/20.

We also opened our client Experience Center, a place where we try to understand needs, find solutions, and redesign priority experiences from the client's standpoint. The space offers an immersive experience to identify how our clients feel and think, with rooms for interviews and chats.

Teams from various departments work together on redesigning and improving these experiences, seeking solutions to increase client satisfaction. The process has two main steps: (i) identify clients' actual needs and generate ideas for meeting them; and (ii) review these ideas with the clients and, when approved, implement, test, put into practice, and track the results.

However, in order to change leagues, we need to go further than this. Therefore, we seek to improve the experience not only of our clients, but also of our employees. The attitude of each employee is indispensable, both for those who liaise directly with the client, and those who work in the back office.

We have created a work model based on integrated communities focused on priority experiences. These communities consist of the Technology, Business, Operations, and Support teams. This embeds a mindset with client centricity at its core, seeking to improve client experience through greater speed and disruption.

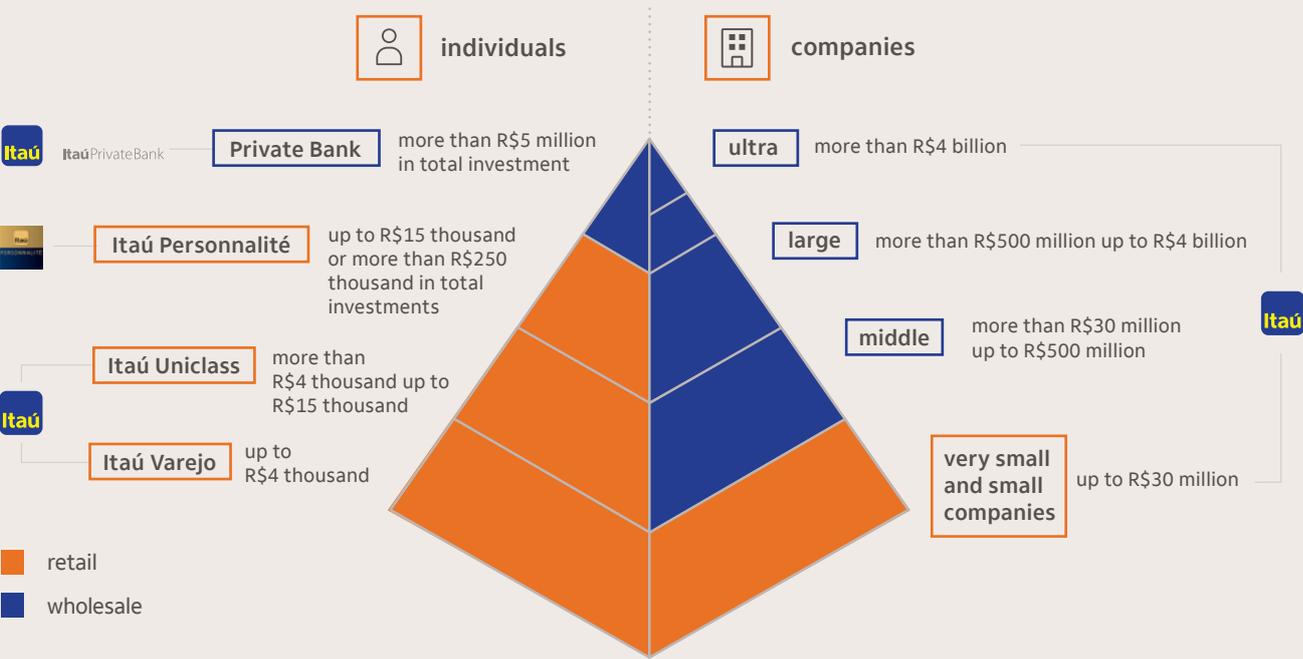
We realize that, to join the league of the world’s best companies for client satisfaction, we must incorporate innovation and technology into our business. With an increasing number of clients operating digitally, we have expanded our investments in technological improvements to provide the convenience our clients seek.

client relationship

Our relationships with our clients are based on the principles of ethics, responsibility, transparency, and hard work, always seeking a convergence of interests. All Itaú Unibanco products and services are designed to meet our clients’ needs, interests and goals. We make sure all of them have well-defined target audiences and are sold through contracting channels compatible with their level of complexity.

Our business model was built to enable clients to find all their financial products in a single place, through the channel that is most convenient for them. This is the operating concept we call “full bank”.

client profile by segment in Brazil



Our descriptions of our product and service offering is always guided by clarity, without excessive use of technical language. It is key that, when contracting a product or service, the client is aware of all its features and costs to enable them to make an informed decision. To guarantee the client's autonomy, the bank provides information about all products or services contracted through at least one digital channel.

After contracting with a client, we place a high value on quality client support. For this reason, we work to ensure that the client has access to multiple channels to answer questions, make requests, and resolve any issues. We make self-management tools available which allow clients to manage their products and services in an autonomous manner. We continuously seek to improve the client's experience by informing them of any specific early settlement, portability, redemption, and cancellation terms.

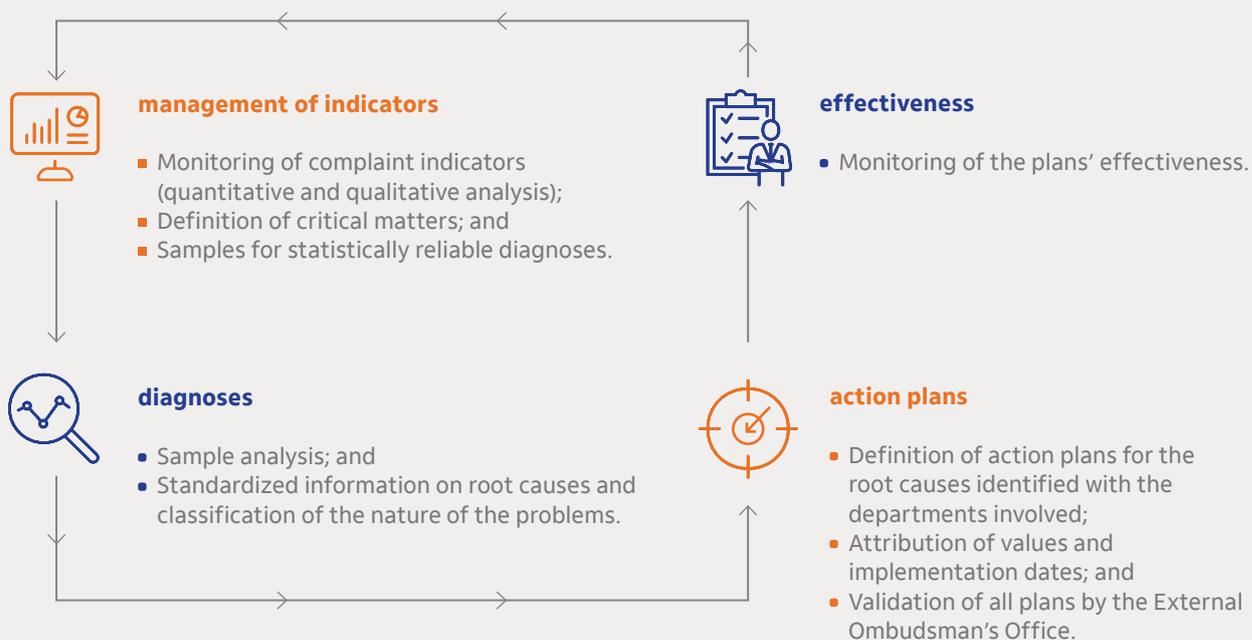
The Ombudsman's Office is one of the channels clients can use to solve their problems. The Ombudsman's Office acts as a reviewer of last resort in cases where the client has had his or her complaint answered by the primary channels and is not satisfied with the response.

Additionally, acting together with our other areas, the Ombudsman's Office contributes to the assessment of the client's vision in the creation of new retail products and services, ensuring compliance with the Consumer Defense Code and representing the client's vision, with a focus on transparency and client satisfaction.

Among the main objectives of the Ombudsman's Office is to maintain a constructive relationship with the National Consumer Protection System and with the regulatory agencies, contributing to the evolution and strengthening of the bank's consumer relations.

Another important pillar of the Ombudsman's work is to work, together with the Quality Control functions, as a driver of continuous improvement within the Company, and to ensure the effectiveness of the Complaints Management process, ensuring the involvement of Senior Management in this agenda. This process includes capturing complaints from the SAC, Ombudsman's Office, PROCON, and Bacen, monitoring the analysis and prioritization of critical issues, the diagnosis of root causes, the definition of action plans for the correction or improvement of products and services in partnership with all bank departments, and controlling the implementation and effectiveness of the plans.

client demand management cycle



suitability, incentives and sales quality

Suitability is the set of criteria and procedures that determine the recommendations for products and services, verifying their compatibility with the client's needs, interests and goals.

The bank's process for recommending investments to clients is carried out on a monthly basis using an algorithm, with 12 billion simulations, based on four risk profiles: aggressive, bold, controlled and conservative. Our retail banking uses the concept of the target audience and the potential client. The target audience identifies to which type of client the product is targeted, while the potential client is the individual within the target audience, with the most suitable profile for the

product, due to the moment and other criteria, including credit worthiness.

Employees who have direct relationships with clients are granted incentives for making sales of products and services. These incentives ensure compliance with the principles of client centricity. Accordingly, these incentives are not only based on sales volume, but also on qualitative evaluations. In addition to the suitability criteria, these incentive programs include indicators for cancellations, concentrations of sales, new sales to replace cancellations of products/ services, complaints and satisfaction metrics (Net Promoter Score – NPS).

accessibility

Client accessibility has been one of our ongoing concerns. This concept goes beyond disability-related issues, as we believe that accessibility is crucial to financial citizenship. In order to enable our clients to manage their funds effectively, it is paramount that everyone, able-bodied or otherwise, to have easy access to and the ability to understand information, products and services, increasing inclusion and leading to a more positive user experience.

We have a dedicated accessibility team, including some people with disabilities, to validate the accessibility of apps, bankline and institutional websites, to ensure that any user is able to carry out any transaction, engage services or manage their finances in an independent, expeditious and safe manner.

In addition to our digital client channels, we are also seeking to improve accessibility at our physical branches, including for our employees, by ensuring architectural accessibility and the accessibility of working tools. Some of our accessibility initiatives include:

- branches with ATMs that can be independently and safely operated by any person;
- branches with qualified professionals and priority service;
- credit card bills printed in Braille and/or in large print;
- accounts are available on our digital and audio channels at the client's request; and
- access services through voice and digital channels, such as: chat, Assistente Virtual Itaú (Itaú Virtual Assistant – AVI), Fale Conosco (Talk to Us) and differential service channels, such as Reclame Aqui (Complain Here), SAC (client service), and consumidor.gov.

our financial guidance actions for clients and society

We have professionals trained to ensure that financial guidance, inclusion and suitability of financial product are incorporated into our business. Taking these issues into account when developing or redefining products and services enables our clients to be more independent, and to live a more balanced financial life.

GRI G4-DMA Product and service labeling (former FS15)

The bank makes a variety of financial advice content available to encourage and support people to take control of their finances:



over 300,000 downloads of the **Investidor em Foco** podcast.



13 episodes covering over 30,000 accesses on a podcast about financial health, during the COVID-19 pandemic.



over 340,000 people had accessed **Investir em Quê?** platform.



Itaú Twitter focused on financial guidance: average 196 interactions per tweet.



more than 7,600 subscribers on **Itaú Investimentos** at Telegram.

In 2020 we undertook the following eight initiatives aimed at offering financial guidance to clients, in addition to providing support and attention to indebted stakeholders, with our content reaching over 6 million people.

- **Minhas Finanças (My Finances)** – A tool available on the Itaú smartphone app, designed to monitor spending per category and help users keep control of their finances. In 2020, the tool was used by an average of 800,000 people every month. Several new functionalities have been added: customizable financial month-end; inclusion of credit card expenses for a single overview; and monthly budget setting.
- **Agenda Positiva Newsletter** – Over five months in the second half of 2020, we produced financial guidance content through the Agenda Positiva Newsletter, developed by the Franchise Team. The purpose was to deliver positive material to counter the socioeconomic and pandemic-related chaos. We sent text messages on topics such as conscious consumption, top tips on credit cards and family spending, which reached almost 6 million clients. Itaú Branches, Itaú Uniclass and Itaú Personalité clients received this newsletter twice monthly.

- **Poupar para Render (Saving to Make Money)** – In recent years, we have trained employees to deliver talks at client companies. In 2020, these activities were restructured under the Poupar para Render pilot program. The program provides content including: online and in-person talks on financial health; a series of videos on financial organization and planning; a guide to using money at different life stages; and a monthly newsletter.

initiatives focusing attention on indebted people

- **Saia do Vermelho (Get Out of the Red) Course** – A free online two-hour course providing practical tips for anyone who needs to repay debts and improve control over their personal budget. The course is available on the EduK platform, and was accessed approximately 30,000 times by the end of 2020.
- **Preventive management** – We preventively monitor our credit clients and, at the first signal of a possible financial imbalance, we actively contact them via physical and

digital channels to offer guidance, and financial solutions better suited to their needs and life stage, as well as offering the option to renegotiate, where appropriate. In 2020, 1.2 million clients per month on average were preventively contacted and offered financial reorganization options, thus preventing 89.1% of these clients from becoming delinquent in the following month.

- **Feirão de Renegociação (Financial Renegotiation and Guidance Task Force)** – From November 24 to December 11, 2020 we implemented a debt renegotiation scheme to provide individuals and companies with more favorable installment payment terms for settling their debt, in addition to providing loans at lower interest rates. Clients, both individuals and companies, were granted new conditions to repay overdue installments and credit card bills. Clients were able to reschedule their debt repayment into up to 73 installments. Itaú's clients were also able to renegotiate debts through the smartphone app or on the website.
- **Travessia (Crossing) Program** – Designed to help up to 20 million individual clients and one million plus small and middle-market companies to keep afloat, with solutions focused on rescheduling grace and repayment periods, in addition to renegotiating fees and guarantees. We also support our clients by offering content on good budget management practices, and how to identify debt risks.

Accompanying the Travessia Program, we have produced six financial guidance videos posted on Itaú's Twitter. These videos addressed issues such as conscious credit, financial planning and changes in business trajectory, and received over 30,000 views.

By the end of 2020, the program had led to the renegotiation of over 4 million contracts, with a total renegotiated amount of over R\$19 billion. The solutions offered were as follow:

- loan repayment in up to 73 monthly installments;
- credit grace periods of up to three months;
- special renegotiation conditions; and
- options for refinancing vehicles and real estate loans.



digital transformation

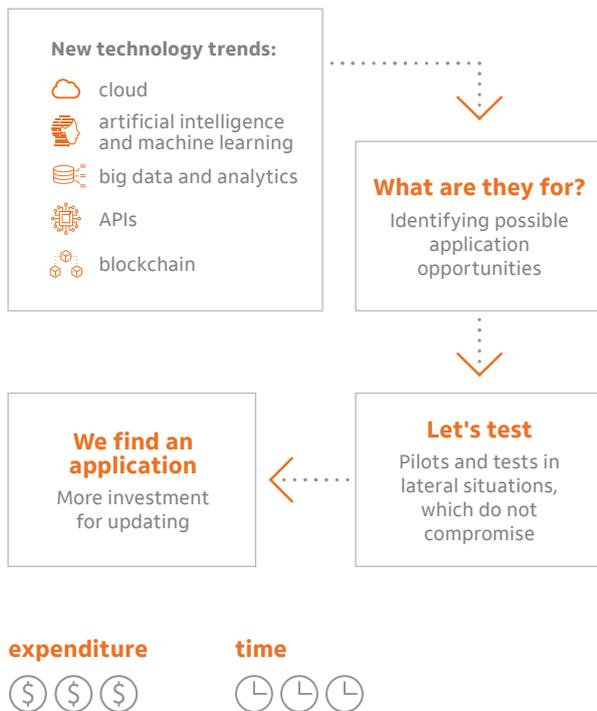
For many years, we have been aware that investing in technology is key to remaining competitive and ensuring business continuity. Recently, our decision to invest continuously in digital solutions and structures has proven to be essential to creating value for our clients, and has become central to achieving our efficiency goals.

However, the paramount importance of digital transformation to our business strategy has

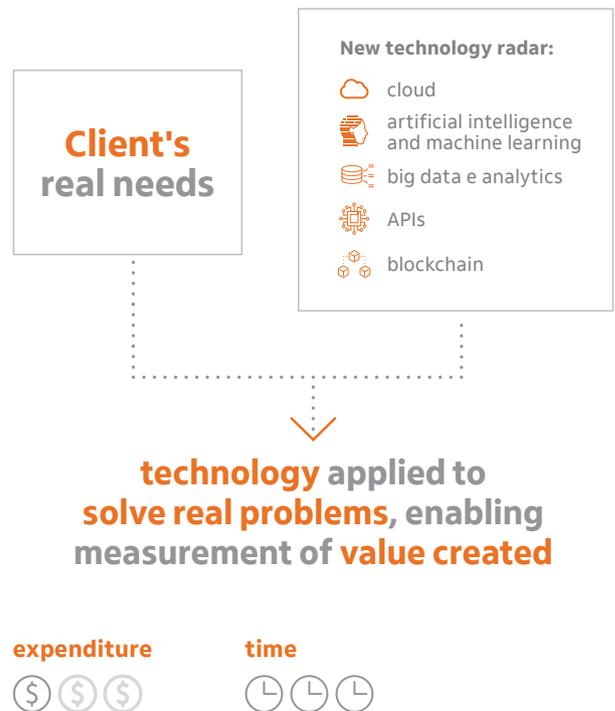
undoubtedly become even more significant and gained momentum as a result of the coronavirus pandemic, which brought profound changes to the lives of our clients and employees, impacting all our stakeholders and every segment of society. Many habits and customs were adjusted to the “new normal”, with digital channels becoming a safe way to keep interacting with other people and companies without needing to leave home.

supply perspective x demand perspective

Traditional model: Supply perspective



Modern model: Demand perspective



From the customers' point of view, demand is growing; not only for products and services, but for high quality experiences, with integrated solutions and, if possible, available full time. To this end, we highlight essential items to remain competitive in the choice of customers in a market in marked transformation: exponential increase in the digitalization of the bank and its operations; data storage in a cloud system; use of machine learning and artificial intelligence for effective analysis of customer demands, development of strategic solutions and continuous investment in new technologies.

We are aware of our history of almost 100 years of existence and the change in the way of operating that we are undertaking to become an increasingly digital bank. In 2021, we expect to invest 112% more in developing solutions and 28% less in infrastructure, as a result of the increased digitalization of the bank, when compared to our contributions in 2018.

Despite its boldness, this initiative has already become a natural strategic process for Itaú Unibanco, which in 2020 reached 24.2 million digital clients.

We invest heavily to offer our clients the best possible experience through our digital channels. The improvements in the regulatory and competitive context confirm that the commitments made to our clients and other stakeholders

a few years ago were extremely important, and resulted in significant achievements. In 2020, the number of monthly active users increased by 13%. Another important milestone in the year was, with more than 4.5 million new users, 30% of whom were over 45 years old. We posted 108% growth in the number of accounts opened digitally by individuals, representing almost 50% of the total accounts opened in 2020. We also broke two major records: the number of downloads of the Itaú App was 1.3 times higher than the daily average in 2019, and the number of downloads of the Itaú Empresas App was 5 times higher than the daily average for the same period. [SASB FN-CB-000.A](#)

In 2020, the total number of accountholders using our digital channels for retail operations reached 14.3 million individuals and 1.2 million companies, a year-on-year increase of 15% in digital retail transactions. Also in Retail Banking, 97% of transfers, 85% of payments, 47% of investments, 29% of vehicle financing, and 25% of loan transactions were carried out via digital channels. Of the total credit card sales, 13.2% are made digitally. [SASB FN-CB-000.A](#)

In addition, we have observed a growing number of clients not going to physical branches, and consequently demanding 100% digital solutions, who we can serve through digital branches, with greater efficiency and lower costs.

196
digital branches
for 2.3 million
clients

15
digital branches
for 127,000
micro and small
entrepreneurs

+ 335,000
companies served
by mobile managers,
using smartphones,
tablets, and video
conferencing

branches
with extended
opening hours and
special services

It is important to highlight the improvements to the user experience for contracting products. With the implementation of new functionalities, we guarantee and support reducing the service capacity of our head offices and branches, thus mitigating the impact of social isolation restrictions. We provided our clients with greater convenience and also supported them financially.

In this way, we have kept the idea of maintaining our investments in technology, remaining focused on digital solutions, and client centrality, have guided our actions, and will continue to do so in the future.

usability and digital experience

Our apps are among the highest-rated in the app stores. We perform continuous upgrades and seek to launch new features, always taking into account user reviews, ensuring we can offer ever-better experiences. In 2020, we launched more than 66 new functionalities for our mobile channels.



app Abreconta was replaced by online account opening flow (www.itaubr.com.br/abrir-conta [2]).

unavailable in May/20

unavailable in Sep/20⁽¹⁾

(1) PWA flow available for Android: the user has to access the new account opening flow through Google Play and has an app experience (without taking up space on the phone).

new products and services

Itaú WhatsApp client

This functionality allows clients to check their current account balance and access the overdraft limits available for credit card purchases and withdrawals. Itaú Webchat has an artificial intelligence assistant that learns from its daily interactions with clients. Users have a dedicated team of specialists who can follow up on their inquiries if necessary.



in the app and on the internet

Available through the Itaú, Itaucard, and Personalité apps, and on the internet.



available for you

Virtual Assistant 24/7 or our specialists until 10 p.m.



quick answers

Our Virtual Assistant responds whenever you need it.



human service

Still have doubts? Our experts are ready to help you.

iti: now with credit card

In both its virtual and physical versions, this is the first iti solution to offer credit. To make access to credit more democratic, the card is automatically available in the iti wallet and, in addition to its traditional features, can be used for app functionalities such as QR Code payments. In line with our commitment to accessibility, the physical credit card is also marked in Braille. Furthermore, the new card does not have any written numbering: all data is accessed through the client's app, increasing security and reducing the risk of fraud.

In addition, singer and entrepreneur Anitta stars in a series of videos showing the different features of iti, which won the best digital onboarding award for Brazilian financial institutions, in a study developed by the Idwall consultancy. In practice, this award means that iti offers the best digital account-opening experience among the 25 main banks and digital wallets in the country.

digital wallets

We offer several virtual payment methods, accepted online and in physical stores. These make it possible to pay using only your cell phone, watch or wristband, eliminating the use of physical cards.

 Apple Pay Make purchases using your iPhone and authorize with Touch ID or Face ID.	 Samsung Pay Use the PIN, iris or digital to buy with your Samsung and go out without your wallet.	 Google Pay Transform your way of shopping only with your Android phone.	 PayPal Make online purchases quickly and securely with the PayPal app.
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using data for investment recommendations

We introduced our Itaú Personalité investment recommendation model, based on 12 million monthly simulations, and with about 300,000 portfolio combinations for each investor profile, allows our team of experts to test each combination in 10,000 different scenarios to identify the best option for each investor profile.

We have also integrated our clients' investment experiences at the bank and Itaú Corretora with the app *íon*, which offers an intuitive, integrated digital experience. The application, which is still exclusive to the bank's clients, offers a wide range of products from Itaú and other market managers, with graph analyses, comparisons, recommendations, and news, providing a unique experience for each user profile.

virtual cards: more convenience and security

In 2020, our clients requested 2.5 times more virtual cards compared to 2019. Clients no longer need their credit cards for online purchases, but can simply generate a temporary card number through one of our apps, with the same credit limit as the original card, valid for a single purchase within 48 hours.

new shopping and loyalty program platform

On *iupp*, our shopping and loyalty program platform, R\$1.00 in purchases equals 1 point. Clients also accumulate points using invoices from eligible Itaúcard cards. These points can then be used to purchase products, exchanged for exclusive experiences, or transferred to partners.

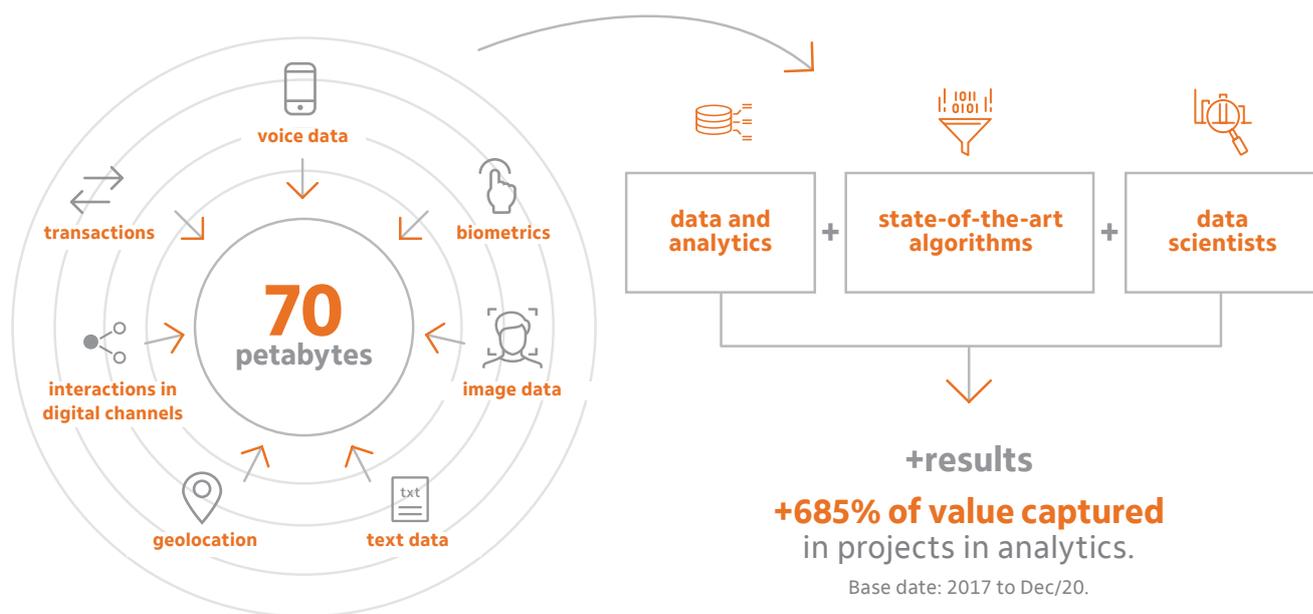
a marketplace with technological solutions to bring vehicle buyers and sellers closer together

The iCarros portal, with 20 million accesses per month and 2.5 million downloads for iOS and Android smartphones, posted a 12% increase in the volume of vehicle financing proposals in 2020.

data: the bank's new capital

These results, which focus on client needs and offering an excellent digital experience using digital channels, are supported by the storage and strategic use of data, both of which require accountability and reliability. In this regard, we have confidence in our track record of dedication and compliance with regulations regarding our activity. We have dedicated ourselves meticulously to the existing rules of data use and cybersecurity, and we will continue on this route with new rules emerging from innovations around the world.

Our big data collects more than 70 petabytes⁽¹⁾ in data, including voice, biometrics, image and text, geolocation, and interactions, through our digital channels and transactions. This volume of data is equivalent to nearly 3.5 years of Full HD video (about 30,000 hours) or one-third of Netflix's entire collection. Combined with the application of data analytics, this database has enabled over 685% more value to be captured through analytics projects⁽²⁾.



In 2020 we chose Amazon Web Services, Inc. (AWS) as our long-term strategic cloud services provider. With this world-leading cloud product we aim to accelerate our digital transformation and improve the banking

experience for our clients around the world. As part of a ten-year contract expanding our relationship with AWS, we will migrate most of the IT infrastructure from our mainframes and datacenters to the cloud.

(1) Base date: Dec/2020; and (2) Base date: 2017–Dec/2020.

2018

50% of financial benefit projects used cloud solutions.

2019

70% of projects have cloud solutions. At least one public cloud provider used.

2020

AWS chosen as Itaú Unibanco's long-term strategic cloud provider.

2021

Cloud computing expected to be used in the main interfaces with customers. Multi-cloud in at least three providers.

We expect to transfer our core banking platforms, call center solutions, online banking, and mobile apps to AWS, creating a more flexible and efficient technology architecture that will help us introduce new services to clients faster, at a lower operating cost. In addition, we will be able to leverage AWS's infrastructure and the scope of their services – including analytics, machine learning, serverless, containers, managed databases, processing, storage, and security – to capture information and insights to enable us to develop new lines of business and applications safely, while ensuring compliance with the applicable regulations.

Data analytics: right service, for the right client, at the right time

The efficient, ethical, and strategic use of data has enabled us to strengthen our relationship with clients by measuring their needs more accurately, at a larger scale.

analytics: "listening to" 360,000 calls every day

In the past

traditional monitoring



Calls monitored by people
<0.5% followed up

Capture client's satisfaction
limited to one sample

Today

speech analytics

Transcription of 100% of the calls and analysis of the texts



- Measure the satisfaction of 100% of our clients;
- Map opportunities;
- Capture intentions without having to ask; and
- Channel efficiency.

One of the world's greatest voice transcription operations

130 MM call/year

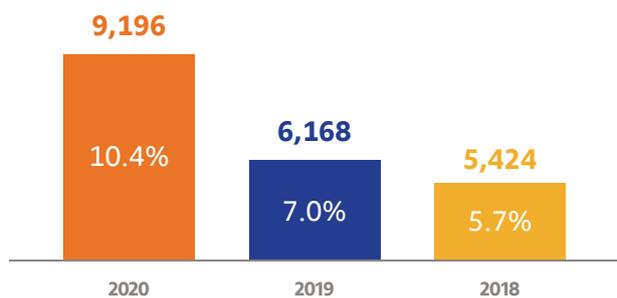
(1) Data base: Dec/20; and (2) Data base: 2017 to Dec/20.

digital transformation from the inside out: investing in people and new work methods

During 2020, we hired more than 3,700 employees for our technology team. To accelerate our digital development, we added 1,994 data engineers and technology professionals through the acquisition of 52.96% of the capital of Zup. In addition, we hired 260 new data scientists across all of the bank's departments, a year-on-year increase of 7%.

New work methods translate into superior results. In 2020, we expanded the features delivered through our apps and systems by 80%, reduced the time to deliver technology solutions by 25%, and reduced the proportion of clients who had problems with the main transactions on the internet and mobile channels by 19%, achieving 99.5% availability of digital channels. In 2020, there were a total of 9,196 employees using agile work methodologies, an increase of 170% compared to 2018.

employees in the community⁽¹⁾



(1) Total %: Total (men and women) for the reporting year divided by Total employees in the bank.

All of this was accomplished while taking care of the health and wellbeing of our employees, who were able to rely on a technological infrastructure capable of quickly migrating most of the work at our administrative hubs into a fully virtual format. Currently, more than 56,000 employees have been enabled to work from home.

innovation ecosystem

In order to expand our digital offering, we have created Cubo, the main technological entrepreneurship hub in Latin America.



Founders:



Sponsored business verticals

Logistics & mobility | Retail | Health | Education | Fintech

Partnerships



Awards since 2015:



- ☆ Spark Awards
- ☆ IF Design Award
- ☆ International Visual Identity Award
- ☆ Financial Innovation Awards 2016
- ☆ Startup Awards



people

Our business is in providing services, which is why people are key. We have invested in creating a more open and diverse environment. We are faced with the challenge of being increasingly attractive to all generations, and hiring and developing talent.

To this end, we have consistently invested in disseminating our corporate purpose, and what we call *Nosso Jeito* (Our Way) – a strong culture characterized by ethics, collaboration, meritocracy, and a total and unyielding respect for the individual. We also invest in achieving a more innovative and inspiring environment, with new working methods, collaborative environments, and committed communities, aiming at greater synergy, communication, and integration between teams, as well as flexibility, with more freedom for employees to organize their own working hours and personal lives.

public commitment to Human Rights

Itaú Unibanco's Commitment to Human Rights reinforces the bank's commitment to our relationships with employees, clients, suppliers, partners, and society. This document outlines the guidelines that drive the bank's actions in risk and violation prevention, and the implementation and monitoring of good practices. We are committed to respecting the Human Rights as set out in the UN International Charter of Human Rights, which incorporates the Universal Declaration of Human Rights of 1948, the International Covenant on Civil and

Political Rights of 1966, and the International Covenant on Economic, Social and Cultural Rights of 1966.

We have also signed up to the UN Global Compact, the Corporate Charter for Human Rights, the Women's Empowerment Principles (WEPs), proposed by the UN Women and the Global Compact, the commitment to the Promotion of Decent Labor from Instituto Ethos, and the National Compact for the Eradication of Slave Labor and the Conduct Standards for Companies, proposed by ONU Livres & Iguais.

Our business conduct in relation to Human Rights also involves our stance and attitudes towards them such as promoting diversity, equal opportunities, and fair compensation, among others.

employee's experience

employee satisfaction surveys

To monitor the level of employee satisfaction and engagement, we use two surveys: the Pulso (Pulse) survey, which measures satisfaction and engagement, and the Employee Net Promoter Score (e-NPS) survey, which measures the rating of Itaú Unibanco as a good place to work.

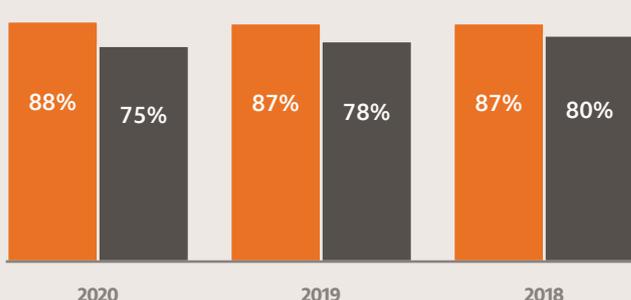


find out more
Human Rights Commitment

The Pulse survey provides a simple way to understand and monitor our organizational climate. This is the main survey used to measure the satisfaction and experience of our employees, on a voluntary basis, in Brazil and our international units, since 2016. The methodology was designed in-company, but the survey is conducted in confidence by an independent institute.

The Pulse survey assesses, across 17 statements, issues related to the individual, teams, management, and the company as a whole.

iD results of the employee satisfaction survey – pulse



- **Average employee satisfaction rate – %**
 considers only the employees who replied to the survey that year
- **Voluntary participation – %**
 percentage of employees who replied to the survey that year to the total number of eligible employees

e-NPS (employee-Net Promoter Score)

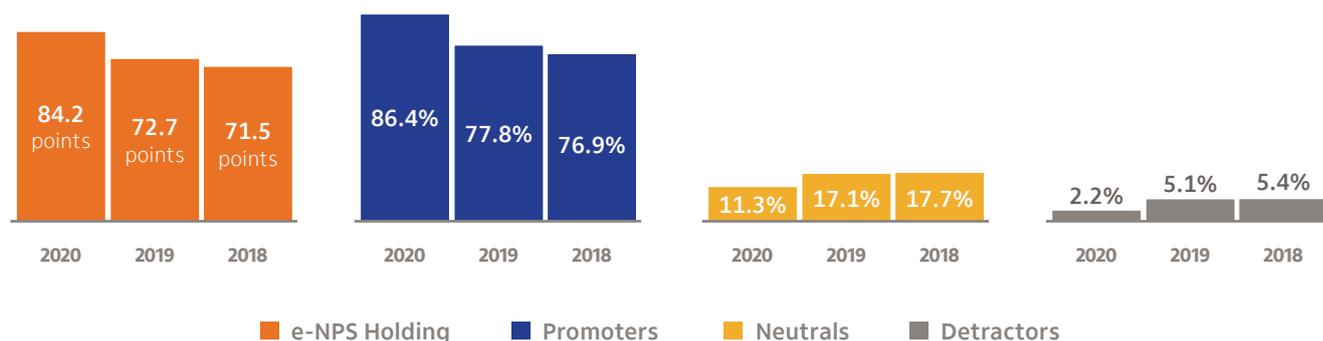
In addition to the Pulso survey, we also measure the e-NPS (Employee Net Promoter Score), which started in 2018, aimed at understanding employees' overall view of their work experience at Itaú Unibanco in a practical and voluntary manner.

The methodology is simple. There are two questions, one quantitative and the other qualitative, the first being: "How likely are you to recommend Itaú Unibanco to your friends and colleagues as a place to work? Please use a 0 to 10 scale, where zero means I would definitely not recommend and 10 means I would definitely

recommend." Next, for the purpose of understanding the rationale behind the employee's assessment, the next question is presented as an open-ended question: "Please explain to us why you award this rating?".

In 2020, we conducted the e-NPS survey bimonthly, and each employee received an invitation to participate in at least one issue of the survey each year. We recorded a significant increase in the e-NPS rate during 2020. This increase indicates that our employees approve of our way of managing the crisis during the pandemic, through actions that look after both employees and society.

results of the e-NPS survey



Note: number of respondents: 11,446 (2020); 10,003 (2019); and 12,923 (2018).

Due to the COVID-19 crisis, in a complementary and temporary, we apply weekly from April of 2020 the situational e-NPS survey, with the objective of verifying employee satisfaction and well-being on the model work and care implemented during the pandemic. We had over 57,000 respondents throughout the year.

For the situational e-NPS question “Thinking about the actions Itaú has taken during this period of crisis, how much would you recommend Itaú Unibanco as a company to work?” we reached an accumulated result of 89 points, from the beginning of the calculation in April to December 2020.

home-office and remote work

In 2020, over 56,000 employees (61%) started working remotely. Since 2017, we have incorporated telework as a working model in order to offer more flexibility to our employees. The program was aimed only at certain areas, where an employee, as mutually agreed with his or her manager, opted to work remotely up to once a week. By 2019, a total of 6,000 employees worked from home.

During the COVID-19 crisis, we expanded the program to more departments of the bank, including back office, digital branches, and call centers, allowing employees

to work remotely every day of the week. In the first four weeks of the pandemic, we transferred 30,000 employees to the home office system, and ended the year with more than 56,000 people working this way.

Our surveys have shown that employees are happy to work from home. Based on a weekly survey, the level of employee agreement with the statement “Considering my activities, I see that remote working can work even after the crisis is over” was 9.15 (0 to 10 response scale | consolidated the period Apr,7–Dec,18). This weekly survey helped us track how employees are adapting to the telework model.

To support our teams during these sensitive times, we created a permanent line of communication with the organization, with daily emails from the Executive Committee and weekly videos by Candido Bracher, the bank’s President until then, to increase the transparency and clarity of our institutional messaging.

With our employees’ health in mind, we structured taskforce focused on ergonomics, which, for example, distributed ergonomic amenities such as chairs, mouse, and keyboards. We also had a set of initiatives aimed at fostering mental health, including lectures and welcoming and conversation initiatives.

This year showed us a different way of working, and we are currently planning our working model for the future.



market recognition

1st place in the Large Companies category and most Incredible Company for interns

Incredible Places to Work Survey, Fundação Instituto de Administração – FIA and UOL.

8th consecutive year in the Best in People Management ranking

We were ranked 2nd, and were the only bank ranked in this category (Best in People Management, Valor Carreira Magazine and Mercer – Above 17,000 Employees category).

12th consecutive year among the Best Companies to Work For, in the Large Corporations category

Best companies to Work For, Great Place to Work Institute and Época Negócios magazine.

diversity and gender equity

GRI 405-1

We are committed to encouraging the professional development of our employees, internal diversity, dialogue, and the recognition of individual and team performance. This is why we implement policies and procedures that value an ethical and inclusive environment.

Since 2017, we have followed the guidelines established in Carta de Compromisso com a Diversidade (Commitment to Diversity Charter) that we share with the market. Since then, we have made a public commitment to employees, clients, suppliers, partners, and society.

Our diversity actions are divided into five pillars of action: race, gender, people with disabilities (PWDs), LGBT+, generations, and we have a crosscutting pillar of unconscious biases that permeates all of our actions. Basic principles of internal diversity management:

- foster a respectful and healthy environment for all the people who work at the organization;
- promote equity of opportunities for all employees; and
- develop corporate leaders who are sensitive about and engaged with this commitment.

We acknowledge that the journey of valuing and boosting diversity is a cultural change process that involves deconstructing preconceived concepts and/or unconscious biases. Thus, we work from the standpoint of the individual as a unique being with its multiple characteristics and strive to provide a psychologically safe environment for each individual to develop.

employees per hierarchical level

GRI 102-7 | GRI 102-8

	2020	2019 ⁽¹⁾	2018 ⁽¹⁾
Executives	5	5	6
Officers	116	115	119
Superintendents	501	499	522
Middle managers	1,911	1,836	1,918
Coordinators and other managers	10,624	10,934	11,784
Total managers	13,157	13,389	14,349
Back office, sales, and front office employees	69,007	68,490	72,646
Trainees	119	191	129
Apprentices	1,543	1,622	2,609
Interns	4,255	4,799	5,592
Total registered employees⁽²⁾	82,162	81,950	86,999
Grand total	88,081	88,491	95,325

(1) The information for 2018 and 2019 was adjusted based on the criteria set for 2020: a) Executives comprise the members of the executive committee, except for the CEO; b) Officers comprise all members of the statutory executive board, except for executive committee members and the CEO; c) Superintendents comprise superintendent and officer (non-statutory) position levels with management powers; d) Middle Managers comprise manager level positions with management powers; and e) Coordinators and other managers comprise senior, full and junior coordinator position levels with management powers; and (2) Registered employees are employees hired under Brazilian Labor Code (CLT) rules. This number excludes executives, statutory officers, apprentices, and trainees.

Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

women

Our workforce consists mostly of women, totaling 57.5% in 2020. Currently, 51.4% of our management positions are held by women. Our challenges in terms of gender equity are around increasing the representation of women in areas such as Technology, Finance and Wholesale Banking and, in the bank as a whole, in middle and senior management positions (middle managers and above).



58% of employees are **women**



51% of women in **manager positions**



mothers and pregnant women support program



maternity leave with **full payment on the participation profits or results**



90% of post-maternity retention (12 months)

We are aware that maternity can have a major impact on careers, so our Mothers and Pregnant Women Support Program and the updated Performance Evaluation Policy for Women on Maternity Leave are among the actions intended to ensure that the evaluation of these professionals is based on the work performed rather than on their length of service. This way, good assessment scores can be preserved over time, ensuring women remain eligible for career acceleration programs, educational sponsorships, and promotions.

women per hierarchical level

SASB FN-AC-330a.1 | SASB FN-IB-330a.1

	2020	percentage ⁽¹⁾	2019 ⁽²⁾	percentage ⁽¹⁾	2018 ⁽²⁾	percentage ⁽¹⁾
Executives	1	20.0%	1	20.0%	1	16.7%
Officers	16	13.8%	16	13.9%	16	13.4%
Superintendents	129	25.7%	134	26.9%	141	27.0%
Middle managers	711	37.2%	680	37.0%	712	37.1%
Coordinators and other managers	5,908	55.6%	6,095	55.7%	6,520	55.3%
Total managers	6,765	51.4%	6,926	51.7%	7,390	51.5%
Back office, sales, and front office employees	40,675	58.9%	41,104	60.0%	43,956	60.5%
Trainees	53	44.5%	78	40.8%	49	38.0%
Apprentices	1,029	66.7%	1,116	68.8%	1,852	71.0%
Interns	2,100	49.4%	2,525	52.6%	3,107	55.6%
Grand total	50,622	57.5%	51,749	58.5%	56,354	59.1%

(1) Employees by hierarchy level and gender, divided by total employees of the corresponding hierarchical level; and (2) Employees by hierarchical level, race and gender, divided by the total number of employees of the corresponding hierarchical level and gender, which were explained in the ESG Report. Note: for information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

equity in compensation⁽¹⁾ – mathematical ratios of salaries between genders GRI 405-2

hierarchical level	2020 rate	2019 rate	2018 rate	2017 rate	2016 rate	calculation rationale (using 12 months of 2020 – Jan–Dec)
Officers	1.01	1.00	1.00	0.99	0.99	Average women's compensation to men's average compensation (Officer level).
Middle managers	0.76	0.77	0.77	0.77	0.77	Average women's fixed compensation (without ATS) to men's average compensation.
Administrative	0.80	0.79	0.79	0.78	0.78	
Sales and front office	0.95	0.94	0.88	0.86	0.87	
Trainees	1.00	1.00	1.00	1.00	1.00	External payroll – apprentices only receive grants; thus, both genders receive equal amounts.
Apprentices	1.00	1.00	1.00	1.00	1.00	
Interns	1.00	1.00	1.00	1.00	1.00	Women's average grant to men's average grant.

(1) The pay equity factor compares the compensation of the female members of each of the indicated hierarchical levels and the compensation of the male members of the same hierarchical level. Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units and foundations.



find out more

ESG Report > **women**

black people

The goal of our Racial Equity Agenda is to increase the representation of black employees in all areas and at all levels of the hierarchy and guarantee equal opportunities for all audiences, respecting the differences. There are four work fronts dedicated to this goal: attractiveness and revision of selection processes; qualification of potential applicants; development of black employees; and awareness-raising.



23.4% of employees declare themselves black



we launched a **Racial Literacy Trail**



development program for 150 black people interns



mentoring program for the development and career progress of black managers and coordinators



233 scholarships for black college students on extracurricular and English courses

black employees⁽¹⁾ per hierarchical level

SASB FN-AC-330a.1 | SASB FN-IB-330a.1

	2020	percentage ⁽²⁾	2019 ⁽³⁾	percentage ⁽²⁾	2018 ⁽³⁾	percentage ⁽²⁾
Executives	-	-	-	-	-	-
Officers	2	1.7%	2	1.7%	1	0.8%
Superintendents	24	4.8%	22	4.4%	23	4.5%
Middle managers	155	8.1%	145	7.9%	137	7.1%
Coordinators and other managers	1,761	16.60%	1,773	16.2%	1,840	15.6%
Total managers	1,942	14.8%	1,942	14.5%	2,001	14.0%
Back office, sales, and front office employees	16,684	24.2%	16,101	23.5%	16,220	22.3%
Trainees	9	7.6%	19	9.9%	10	7.8%
Apprentices	785	50.9%	767	47.3%	1,231	47.2%
Interns	1,234	29.0%	1,417	29.5%	1,530	27.4%
Grand total	20,654	23.4%	20,246	22.9%	20,992	22.0%

(1) Includes black employees who self-report either as black or brown; (2) Employees by hierarchical level and race, divided by the total number of employees at the corresponding hierarchical level; and (3) The information for 2018 and 2019 was adjusted to the criteria set for 2020, which were explained in the ESG Report. Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

black female employees⁽¹⁾ per hierarchical level

SASB FN-AC-330a.1 | SASB FN-IB-330a.1

	2020	percentage ⁽²⁾	2019 ⁽³⁾	percentage ⁽²⁾	2018 ⁽³⁾	percentage ⁽²⁾
Executives	-	-	-	-	-	-
Officers	-	-	-	-	-	-
Superintendents	7	5.4%	6	4.5%	6	4.3%
Middle managers	59	8.3%	55	8.1%	50	7.0%
Coordinators and other managers	901	8.5%	908	8.3%	939	8.0%
Total managers	967	14.3%	969	14.0%	995	13.5%
Back office, sales, and front office employees	9,971	14.4%	9,824	14.3%	9,927	13.7%
Trainees	1	1.9%	7	9.0%	1	2.0%
Apprentices	521	50.6%	515	46.1%	865	46.7%
Interns	641	30.5%	811	32.1%	925	29.8%
Grand total	12,101	23.9%	12,126	23.4%	12,713	22.6%

(1) Includes black employees who self-report either as black or brown; (2) Employees by hierarchical level and race, divided by the total number of employees at the corresponding hierarchical level; and (3) The information for 2018 and 2019 was adjusted to the criteria set for 2020, which were explained in the ESG Report. Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

LGBT+

We are made up of diverse people. We believe that a workforce with a plurality of backgrounds, cultures, beliefs, experiences, races, genders, sexual orientations, and generations broadens perspectives, and contributes to a climate of respect for differences.

We are working to ensure respect and promote a psychologically safe environment, so that people feel comfortable being who they are regardless of sexual orientation and gender identity.

As a way of keeping focus on this issue, since 2018 we have been part of the OUTstand Financial Market Pride Group, created to discuss inclusion and promote the valuation of LGBT+ professionals in the industry. In addition, we are members of the Business and LGBTI+ Rights Forum, which continuously promotes dialogue between companies to exchange experiences.



find out more

ESG Report > **black people**

people with disabilities (PWD) – inclusion and qualification

Our work on the inclusion of employees with disabilities is based on the guidelines of the Brazilian Inclusion Law and the UN Convention on the Rights of People with Disabilities. Our work promotes the six types of accessibility: communicational, instrumental, methodological, attitudinal, programmatic, and architectural.



4.6% of employees with disabilities



+40 employees with intellectual disabilities



training of about 800 managers about inclusive management



technology training program for employees with disabilities in the operations areas



+35 employees with Disorder of Autistic Spectrum

This year, we also made important advances in accessibility, mainly in the context of teleworking during the pandemic. For instance, we provided a LIBRAS interpreter and automatic transcript services for discussions held during virtual meetings, in addition to monitors and assistive technology equipment for home office working.

At branches with hearing-impaired employees, we distributed transparent face masks to allow lip-reading communication.

In 2020, of the employees who are not hired under CLT rules, we had three apprentices, one of them female, and two interns with disabilities. For the other employees, the related figures are shown in the table below.

people with disabilities⁽¹⁾ per hierarchical level

	2020	percentage ⁽²⁾	2019 ⁽³⁾	percentage ⁽²⁾	2018 ⁽³⁾	percentage ⁽²⁾
Superintendents	2	0.4%	2	0.4%	1	0.2%
Middle managers	12	0.6%	11	0.6%	11	0.6%
Coordinators and other managers	133	1.3%	122	1.1%	135	1.1%
Total managers	147	1.1%	135	1.0%	147	1.0%
Back office, sales, and front office employees	3,642	5.3%	3,611	5.3%	4,004	5.5%
Trainees	1	0.8%	-	-	-	-
Grand total	3,790	4.6%	3,746	4.6%	4,151	4.8%

(1) In calculating the number of people with disabilities, only employees with employment contracts are taken into account, which are employees hired under the Brazilian Labor Code (CLT). This number excludes executives, statutory officers, apprentices, and interns; (2) Employees by hierarchical level, people with disabilities and gender divided by the total number of employees at the corresponding hierarchical level and gender; and (3) The information for 2018 and 2019 was adjusted based on the criteria set for 2020, which were explained in the ESG Report. Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.



find out more

ESG Report > **people with disabilities (PWD)**

generations

We work to break restrictive paradigms and encourage actions aimed at all our employees to ensure that age-related issues do not impact their employment. Thus, through our talent programs, we encourage the inclusion of people from different generations, for example by removing age requirements for entry-level positions through internship and trainee programs.

Population aging and technological advancements are linked global phenomena which, although well-explored separately, are not often treated in an integrated manner in studies and discussions. For this reason, we believe we can contribute to society by sponsoring initiatives through the Itaú Viver Mais, training people, and supporting governments and civil society to address demographic change and its impacts.

employees – per age group

GRI 405-1

	aged below 30			aged 30 to 50			aged above 50		
	2020	2019 ⁽¹⁾	2018 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
Executives	0	0	0	3	3	3	2	2	3
Officers	0	0	0	95	95	81	21	20	38
Superintendents	0	1	0	441	443	458	60	55	64
Middle managers	68	59	65	1,685	1,639	1,668	158	138	185
Coordinators and other managers	2,032	2,737	19,486	2,623	3,218	0	0	0	0
Total managers	1,050	1,262	1,401	10,675	10,833	11,194	1,432	1,294	1,754
Back office, sales, and front office employees	28,771	30,418	31,362	36,384	34,619	36,071	3,852	3,453	5,213
Trainees	117	190	127	2	1	2	-	-	-
Apprentices	1,542	1,622	2,609	1	-	-	-	-	-
Interns	4,186	4,762	5,582	68	37	10	1	-	-
Grand total	35,666	38,254	41,081	47,130	45,490	47,277	5,285	4,747	6,967

(1) The information for 2018 and 2019 was adjusted to the criteria set for 2020, which were explained in the ESG Report. Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

Trainee Program

As a highlight in 2020, we had a major breakthrough in our Trainee Program, by selecting 50% more black trainees and 60% more female trainees, who will be part of the workforce in 2021. Below are some of the actions that were key to this outcome.

- Itaú started to carry out actions and hold events aimed at the black population (partnerships with black movement groups; live webcasts with black influencers; preparatory live webcasts for black applicants in association with Blacks at Itaú; tours around universities throughout the country showing the opportunities available to everyone);

- executive process reviewers underwent unconscious bias training, including the CEO;
- changes in the selection process: such as requiring English knowledge only for positions that really require it and opting for a “blind résumé” during the first stage of the selection process, so that reviewers do not know the race, gender, and name of the applicant; and
- Itaú developed a five-test system: logical reasoning, work styles, decision making, profile and social context.

All reviewer panels had gender and race representation.

the employee's journey

attraction and retention

The ability to attract and retain high-potential employees by developing our talent pipeline is key to Itaú Unibanco remaining competitive. As such, we have a portfolio of talent programs based on which we can attract new employees and provide them with support and training so that they can develop.

To develop our in-house talent, we also have initiatives such as sponsoring international MBA and Master's courses, enabling our high-potential employees to pursue personal development through courses at the world's best universities.

The challenges posed by the COVID-19 pandemic forced us to adjust our development strategy. Over a short time period, training courses that used to be in-person became synchronous digital classes and asynchronous digital classes, ensuring accessibility for all and also expanding the range of content on offer.

- **young apprentices program**
- **internship at the branch network**
- **corporate internship program**
- **international vacation internship program**
- **trainee program**
- **accelerated career program (ACCP)**
- **Summer MBA and Full Time Associate**
- **international sponsorship (MBA, Master's, Sloan and LLM)**
- **Academic Summer**
- **Internal Career Development program** [GRI 404-2](#)

turnover

The turnover rate is the ratio of admissions and terminations (voluntary or involuntary) of employees within a given period. We monitor this index on a monthly basis and submit it to the Executive Committee. The calculation does not take into account employees abroad, apprentices, expatriates, disability pensioners, directors, and interns.

There was a significant drop in the turnover rate in 2020, from 16.7% in 2019 to 7.9%. This drop was mainly due to the decrease in involuntary turnover (employees who resign), since during the first period of crisis caused by the pandemic, layoffs were suspended (except for those related to serious ethical misconduct). Beginning in September 2020, all people management activities, including hiring, promotions, and terminations, were resumed.

turnover rate

GRI 401-1

	voluntary ⁽¹⁾	involuntary ⁽²⁾	total ⁽³⁾
2020	3.3%	4.6%	7.9%
2019	4.7%	12.1%	16.7%
2018	3.1%	6.9%	10.0%

Note: voluntary termination refers to when an employee resigns, while involuntary termination is when the employer dismisses an employee. (1) Calculated based on the total number of voluntary terminations divided by the average number of active employees, calculated as the sum of active employees at the beginning and the end of the period divided by two. The total number of active employees at the end of the period is calculated as follows: number of employees at the beginning of the period, plus new hires, minus voluntary terminations; (2) Calculation based on the total number of involuntary terminations divided by the average number of active employees, calculated as the sum of active employees at the beginning and the end of the period, divided by two. The total active employees at the end of the period is calculated as follows: employees at the beginning of the period, plus new hires, minus involuntary terminations; and (3) Aggregate of the voluntary and involuntary turnover rates.



find out more

ESG Report > **the employee's journey**

training, evaluation and development

Our focus in terms of training has been to build a culture of lifelong learning among our employees. We are aware that the key to success is the development of each employee's skills and a lifelong learning mentality.

To achieve the described goals, we have upgraded the development experience and offer increased autonomy to each trainee. In 2020, we implemented Degreed, our digital learning platform, designed to bring knowledge to employees wherever and whenever they choose, in different formats. The platform offers

paths that guide learning and skills development through videos, podcasts, virtual classrooms, live webcasts, etc. In addition, it relies on artificial intelligence to curate content.

Degreed works as a learning hub, connecting institutionally provided content with each employee's learning journey, forming our social learning network. The platform interfaces with content from other platforms, such as Udemy, Coursera, Alura, LinkedIn Learning, GetAbstract, etc.



27,000
employees have
already used
Degreed



**over
50,000**
contents
made available



85%
of users consider
the platform
relevant to the
day by day



86%
of employees are
"satisfied" or
"very satisfied"

In 2020, the most sought-after skills by users were Lean, Analytics/Data Analytics, Agile, Client Centricity, and Software Engineering, all skills which are aligned with the bank's strategy.

number of participants in-person and digital training GRI 404-1

year	number of participants in digital and in-person training ^{(1), (2)}	total hours of participation (digital and in-person) – million ⁽³⁾	average rate of participation in in-person training programs
2020	1,411,595	0.9	82.1%
2019	1,246,186	1.2	91.6%

(1) Information from the SABA platform, an international company specialized in distance education. Note: for information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units; (2) Total number of participation in trainings; and (3) Total number of hours dedicated to training.

We have become more efficient: we invested R\$107 million in training and related areas, 40% less than in 2019, but increased participation levels to the previous year, with more than 1.4 million synchronous and asynchronous attendances in training.

indicators of in-person and digital training

GRI 404-1

hierarchy level	total hours of training ⁽¹⁾		number of employees trained ⁽²⁾		average hours of training per employee	
	2020	2019	2020	2019	2020	2019
Managers	116,726	209,777	9,101	12,556	13	17
Administrative, sales and front office	752,925	919,707	71,734	70,735	10	13
Trainee	28,094	37,324	128	219	219	170
Interns	66,226	57,584	5,020	5,929	13	10
Total	963,972	1,224,392	85,983	89,439	11	14

(1) Total number of hours dedicated to training; and (2) Count of employees who completed some training on the SABA platform.

scholarships

GRI 404-1

scholarships	2020	2019	2018
Graduate incentive program	259	519	976
Language courses	49	116	221
Determined by CCT 2018–2020	5,500	5,500	5,500

Note: For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units.

Despite a reduction in investments due to the COVID-19 pandemic, the bank continued to offer customized actions, aligned with each employee's professional situation, and customized to their Individual Development Plan. This included undergraduate, graduate, domestic and international MBA programs, coaching, seminars, congresses, short courses, and language courses.

evaluation and development

GRI 404-3

The Ciclo de Meritocracia (Meritocracy Cycle) program focuses on improving results by aligning individual employees' goals with the organization's challenges. We believe that meritocracy is the path toward the transparent and fair management of our teams by recognizing employee performance in individualized ways. This cycle includes feedback, and the continuous pursuit of development opportunities suited to the needs of each employee. Therefore, Ciclo de Meritocracia is a strong ally in the constant progress of our organization.

This program takes into account the results obtained and the way such results were delivered, since even though achieving all goals is key, all actions must rest on the behaviors expected by the organization. As such, the program consists of two individual assessments:

- assessment of each employee's performance based on the results of his or her deliveries: the process is carried out annually, and has the following steps: goal alignment, result assessment, and feedback.



find out more

ESG Report > **development and training**

- behavioral assessment: based on an employee's compliance with the behaviors expected by the organization. We have two assessment groups: leadership performs a 360° assessment (peers, partners, team, and manager); while the teams perform a 180° assessment (manager, peers, and partners).

The Strategic People Planning (PSP) is carried out based on the results of these assessments. This planning discusses the relative performance of comparable employees. All data obtained will be used in the future to define the career development, training, and compensation of each employee. As regards the 2019 cycle (the most up-to-date information available up to the publication date of this report), 40,416 or 48% of the 81,950 employees were assessed as part of the PSP. In 2019, in our foreign units (Argentina, Chile, Colombia, United States, England, Paraguay, Switzerland, Uruguay and others) 3,945 employees were assessed according to the PSP, which corresponds to 5% of employees. The 2020 cycle will be closed after the conclusion of this report.

GRI 102-36 | GRI 404-3

We believe that meritocracy is the path toward the transparent and fair management of our teams by recognizing differentiated performance.

With a view to the continual, structured development of each employee, in 2020, 100% of the Officers, Superintendents and Managers had their career moments defined. All career plans were discussed by a Development Committee, in order to define the actions of consequence. This exercise is recommended, albeit optional for the coordinator and analyst levels, and at these levels, participation was 65%.

The remaining employees only undergo individual assessments (either delivery assessment or behavioral assessment) or other specific assessment models. This ensures that 100% of the organization's employees are subject to some form of performance assessment. For 2020, we revised our assessment mode so it is more adjusted to our current reality. [GRI 404-3](#)

employee-driven program

GRI G4-DMA Product and service labeling (former FS16)

Providing financial guidance to employees is one of our actions to help the people around us to make progress. To this end, we are training people to deliver financial guidance, both as part of their professional activities and within their own families. In 2020 we structured our employee-driven actions based on four action pillars: training, one-off actions, employee experience, and follow-up surveys.

We offer online and in-person courses and other employee development actions, such as talks and internal campaigns promoting awareness of the relationship between consumption and personal goals, and the way people manage their finances.

Our permanent endomarketing campaign *Papo que Rende* (Enriching Chat) seeks to inspire employees to reflect on their own financial behavior through talks and other means

of communication, such as corporate TV programs, portals, email and Instagram campaigns.

With respect to employee experience, we have created a page on the bank's internal website with content on financial guidance, the training options available and financial products with special conditions for employees. The purpose is to encourage employee recognition and identify top stories for those engaged with financial education. Today, we use these stories as inputs to understand employees' main difficulties and produce content targeted at them.

In order to ensure reliable financial guidance indicators among employees, we carried out a survey to evaluate employees' self-perception regarding their finances and the support offered by the bank.



find out more

ESG Report > **employee program**



efficiency

Efficiency is one of the pillars of our strategy, and has been a priority at the bank for a few years now. We have structured projects and initiatives involving everything from waste reduction to increasing productivity and digital transformation, seeking gains in scale and synergies for the business.

Our challenge is continuously to improve the efficiency of our operations, while keeping our clients at the center of our decisions, through strategic cost management and investments in technology and new working methods, in order to increase the use of our resources while efficiently managing the allocation and cost of capital.

key fundamentals of the cost management strategy reported weekly to the Executive Committee



automation and digitization



consolidation, reorganization, redesign of operations



service channel optimization



focus on technology

Our business model, together with our risk management tools and efficiency controls, enable us to identify granular opportunities to diversify and expand our operations to create value for our stockholders, while remaining within the thresholds set by our risk appetite.

Efficiency-focused actions, such closing bricks-and-mortar branches, which resulted in fixed cost reductions, the voluntary severance program promoted during the second half of 2019, and lower profit-sharing expenses were the main drivers of the fall in non-interest expenses in 2020.

brick and mortar and client services point (CSP)



The search for efficiency and higher client demand for services via digital channels led to an annual reduction of 3.7% in the number of physical branches in Brazil. There was also a reduction in expenses for data processing and telecommunications, facilities and materials, and sales of credit cards, mainly due to the lower levels of economic activity caused by the pandemic.

The expenses incurred in Latin America grew by 13.6%, basically driven by exchange fluctuation in the period. The combination of these effects led a year-on-year reduction of 0.9% in non-interest expenses. In Brazil this reduction was 3.0%, which corresponds to an actual reduction of 7.6%.

non-interest expense – Brazil growing at a slower pace than inflation



efficiency ratio

Our efficiency ratio was 49.4% in 2020	76.7% efficiency ratio for physical branches	31.8% efficiency ratio for digital branches
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The efficiency ratio is a managerial indicator, calculated in accordance with local accounting standards by dividing the non-interest expenses by the sum of Managerial Financial Margin, Revenue from Services Rendered, Income from Insurance, Pension and Capitalization operations, and Tax Expenses (ISS, PIS, COFINS, and other taxes).

 **find out more**
Management Discussion & Analysis and Complete Financial Statements (BRGAAP) – 4Q2020

positive impact commitments

We consider material topics to be those that could impact our value creation in the short, medium and long-terms from the perspective of our management and major stakeholders. In recent years, we have revisited our sustainability guidelines. The result of this work is reflected on the positive impact commitments, which guide our decision-making and integrate ESG into our business, operations and stakeholder relations, by promoting a wider vision of opportunities and business inherent risks.

In 2020, given the increasing importance of this topic, we made efforts to make a new commitment, consisting of private social investment guidelines and targets. The focus is on reaffirming our pact with the Brazilian society, alongside our institutions and foundations, therefore strengthening bonds of trust amid uncertainty. This new commitment is intended to promote access and extend rights, improve quality of life in cities and strengthen people's transformation power through our private social investments.

These commitments are our sustainability strategy and enhance our contribution to the world and society.

This agenda is aligned with the global scenario, since it reflects the UN Sustainable Development Goals (SDG) (for further information about this alignment, please [click here](#)). Additionally, both the bank's Sustainability and Environmental and Social Responsibility Policies, which approved annually by the Board of Directors, and the corporate governance structures integrated into sustainability underscore our sustainable development commitment. [GRI 102-42](#) | [GRI 102-43](#) | [GRI 102-44](#)

The journey undertaken by the Positive Impact Commitments was more demanding given the many changes occurring in 2020. However, these events have highlighted how important it has been in enabling the bank to handle E&S issues promptly and in a significant way for everyone, as it has endeavored to adjust the projects impacted by the scenario to ensure the progress of targets. We have also underlined our positive impact agenda by implementing new initiatives, such as the Todos pela Saúde (All for Health) and the Amazon Plan projects.

We understand that, given strategy and challenges for 2021, the themes connected with the Amazon become a potential material theme for us from now on.



Commitment that guides **our reporting**.

(1) Potential material theme.

Commitments for the **development of the country**.

Commitments that create a **positive impact** through **our business**.

Commitments that form the basis for our **conduct and way of acting**.



find out more

ESG Report > **positive impact commitments**

transparency of reporting and communications

GRI 103-1 Transparency of reporting and communications | GRI 103-2 Transparency of reporting and communications | GRI 103-3 Transparency of reporting and communications

commitment

Enhancing the transparency of our business as well as strengthening our financial results, demonstrating value to all of our stakeholders in a fair way and in line with the market best practice.

our targets



Disclosing material financial and non-financial information on the Company's business in a simple, clear and objective manner, maintaining an annual average equal to or greater than 4.5 insatisfaction surveys of earnings disclosures.⁽¹⁾

ACHIEVED⁽²⁾

4.5 is the overall satisfaction score on surveys conducted in 2020.



Implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on climate-related strategy, governance, risk management, targets and metrics by 2022.

TARGET IN PROGRESS

In 2020, we implemented **79%** of the projects in response to TCFD recommendations.



Integrating ESG issues that are material to the market in our main reports.

ACHIEVED⁽²⁾

Including ESG issues in earnings releases:

Recurring ESG reporting in quarterly earnings releases, including ESG content in Management Reports, Management Analysis & Discussion, and Earnings Conference Calls.

Investor services with a focus on ESG issues in 2020:

25 meetings with local and foreign investors and stockholders, 11 meetings of them held during the ESG Road Show.

Number of SASB indicators disclosed in the 2020 Annual Report:

12/14 indicators – Commercial Banking;

3/15 indicators – Asset Management and Custody Activities; and

4/18 indicators – Investment Banking and Brokerage.



Continuing to innovate in the content, form, and timeliness of our communications.

TARGET IN PROGRESS⁽²⁾

5 videos with talks by executives aimed at investors launched in 2020;

8 episodes of the Investcast podcast launched in 2020, with 7,119 hits;

24 posts to LinkedIn by Investor Relations department executives in 2020; and

Updating the Investor Relations website to make it more interactive and accessible to a wider range of audiences.

(1) The satisfaction survey, using a scale from 0 to 5, has five evaluation criteria: IR team service, financial statements and corresponding notes, conference calls, questions & answers of investors, and ESG content; and (2) Annual target, periodically monitored.



find out more

ESG Report > **Transparency of reporting and communications**

responsible investment

GRI 103-1 Responsible investment | GRI 103-2 Responsible investment | GRI 103-3 Responsible investment

commitment

Increasing the integration of environmental, social and corporate governance issues into investment decisions, and increasing the offer of our products and services for a positive impact on the economy.

our targets



Carrying out environmental, social and corporate governance assessments in 100% of applicable assets, externally certified, by 2022.

TARGET IN PROGRESS

We reached a rate of ESG **coverage of 99.84%** of our managed assets and have started the analysis of potential external certifiers to meet the 2022 goal.



Having a regular offer of impactful responsible investment products in our portfolio for Brazil by 2022.

TARGET IN PROGRESS

We launched new off-the-shelf ESG and responsible investment products in 2020:

ESG funds themed around clean energy and water, the ESG international allocation fund and ESG active management equity fund.



Fostering and distributing impacting responsible impact investment products to reach 3% of our total assets under management (WMS) by 2022 (distribution).

TARGET IN PROGRESS

We have over R\$400 million in assets in our ESG funds in December 2020. We will continue to engage the WMS areas to achieve this goal by 2022.⁽¹⁾

(1) In 2021, this goal will undergo a revision process aligned with the market context and with our business strategy.



find out more

ESG Report > **Responsible investment**

financing in positive impact sectors

GRI 103-1 Financing in positive impact sectors | GRI 103-2 Financing in positive impact sectors | GRI 103-3 Financing in positive impact sectors | SASB FN-CB-410a.2

commitment

Continuously stepping up our financing and services in positive impact sectors.

our targets



Taking into account risk, return and effect variables of environmental and social issues in our loan portfolio by 2025, and continue to foster a positive impact on the economy.

TARGET IN PROGRESS

In 2020, we developed a governance structure with a working group aimed at integrating ESG into the portfolio, in addition to establishing an **ESG Committee with executives from the Wholesale Banking segment for the monitoring, discussion and resolution of agendas on this matter.**



Allocating R\$100 billion, through products and services, to positive impact sectors by 2025.

TARGET IN PROGRESS

R\$48.1 billion from Aug/2019 to Dec/2020.



Allocating R\$15 billion, through products and services, to renewable energy generation and services by 2025.

TARGET IN PROGRESS

R\$12.6 billion from Aug/2019 to Dec/2020.



find out more

ESG Report > **Financing in positive impact sectors**

inclusion and entrepreneurship

GRI 103-1 Inclusion and entrepreneurship | GRI 103-2 Inclusion and entrepreneurship | GRI 103-3 Inclusion and entrepreneurship |

SASB FN-CB-240a.1 | SASB FN-CB-240a.2 | SASB FN-CB-240a.4

commitment

Improving financial inclusion for micro, small and medium entrepreneurs through products and services, and enhancing the financial management of their business (corporate vision).

our targets



Impacting 70,000 entrepreneurs with management, training and online or in-person networking solutions by 2020.

ACHIEVED

125,840 entrepreneurs engaged in our training programs (December 2020).



Increasing the volume of credit for women-led small and medium-sized businesses⁽¹⁾, reaching R\$11 billion in total credit⁽²⁾ by 2024 (21% of the total portfolio).

TARGET IN PROGRESS

R\$9.09 billion (December 2020).



Recruiting 5 million consumers onto a low-cost financial services platform by 2021.⁽³⁾

TARGET IN PROGRESS

3.3 million clients in our financial services platform (December 2020).

This initiative significantly extended the range of functionalities of the product, thus providing a more complete offering for the target audience, including Pix (an instant payment solution developed by the Central Bank of Brazil), bill payments, withdrawals, mobile credit recharging, debit card, credit card and personal credit.



Including 300,000 entrepreneurs in a low-cost financial services platform by 2021.

TARGET IN PROGRESS

200,000 entrepreneurs (December 2020).

This initiative includes new digital collection alternatives (QR Code, Link, P2P), in addition to an extended range of functionalities, including: Pix, bill payments, withdrawals, mobile credit recharging, debit card, credit card and personal credit.

(1) Small and medium-sized businesses are deemed by Itaú to be those with annual revenue of up to R\$30 million; (2) The R\$9 billion target previously set was met before the end of the expected term, driven by credit incentives aimed at promoting the economic recovery from the pandemic, which was an unpredictable scenario in the previous projection. This is why the target was adjusted to R\$11 billion, challenging us to provide even more support to stakeholders; and (3) This target was originally part of the Financial Citizenship Commitment, but it is now part of the Inclusion and Entrepreneurship Commitment.



find out more

ESG Report > **Inclusion and entrepreneurship**

financial citizenship

GRI 103-1 Financial citizenship | GRI 103-2 Financial citizenship |
GRI 103-3 Financial citizenship | SASB FN-CB-240a.4

commitment

Expanding access to financial services and offering tools and content to support healthier financial decision-making (individual vision).

our targets



Providing differential offers for delinquent clients or those heavily in debt.

key performance indicators to be achieved⁽¹⁾

Average number of clients being made the offer	Target percentage of clients taking up the offer
135,000/month	19%



Using a preventive approach to avoid nondelinquent clients falling into debt.

key performance indicators to be achieved⁽¹⁾

Average number of clients being made the offer	Target percentage of clients taking up the offer
2.5 million/month	4.1%



Setting up a process to get delinquent clients back into the credit cycle.

key performance indicators to be achieved⁽¹⁾

Itaú Overdraft Limit⁽²⁾ (LIS) _____

Average number of clients being made the offer	Target percentage increase in number of clients recovering their overdraft limits
70,000/month	20%

Card _____

Monthly average number of eligible clients	Target percentage clients recovering their card limite ⁽³⁾
53,000/month	9%



Providing financial organization advice content to our customers after the renegotiation of their debts.

Monitoring the volume of content made available and inserting content into the clients' financial journey.



Encouraging the continuous use of the financial management tool Minhas Finanças (My Finance).

Status: December 2020	2021 target
800,000 users	2 million users

(1) This target does not have status yet, as it has been reviewed and will be monitored in 2021; (2) The Itaú Withdrawal Limit (LIS) is only reinstated with the client opt-in; and (3) Our clients are informed of the reinstatement of their card credit limit.



find out more

ESG Report > **Financial citizenship**



ethics in relations and business

GRI 103-1 Ethics in relations and business | GRI 103-2 Ethics in relations and business | GRI 103- Ethics in relations and business

commitment

Promoting the creation of a fair, ethical financial ecosystem aligned with a sustainable development agenda.

our targets



Being recognized as an ethical company in its relationships with all stakeholders (general, clients, employees, and suppliers).

ACHIEVED⁽¹⁾

Itaú was recognized as a Pro-Ethics company in 2018/2019.



Training employees on conscious use of data and developing a personal data privacy policy.

TARGET IN PROGRESS⁽¹⁾

Developing new policies regarding compliance with LGPD⁽²⁾ and training employees on major LGPD and Privacy by Design concepts.



Keeping the reporting channel public and accessible to all stakeholders so that we can receive and investigate calls regarding suspected breaches of the integrity policies and code of ethics.

ACHIEVED⁽¹⁾

Our reporting channel remains accessible to our stakeholders on our website, and calls are handled promptly.

Fostering an honest, ethical stance through campaigns and training on the Integrity and Ethics Program, Anti-corruption, Anti-Money Laundering, Information Security, Compliance, and Supplier Relations, among others.



Training 90% of employees in topics impacting our Integrity and Ethics Program every two years.

ACHIEVED⁽¹⁾

93%⁽³⁾ of employees trained in topics impacting our Integrity and Ethics Program (July 2020).⁽⁴⁾



Ensuring that at least 95% of employees sign up to the Integrity Policies.

NOT ACHIEVED⁽¹⁾

93% adherence – employees renew their adherence to the Integrity Policies every year (December 2020).⁽⁵⁾

(1) Annual target, periodically monitored; (2) Brazilian General Personal Data Protection Act (LGPD); (3) Considering the integrity and Ethics Program as a whole: introduction and specific modules; (4) A new training system was launched in August 2020; and (5) This target was impacted due to the COVID-19 scenario, with the suspension of collections (later resumed in October 2020), as well as placing on leave the high-risk group of employees.



find out more

ESG Report > **Ethics in relations and business**

responsible management

GRI 103-1 Responsible management | GRI 103-2 Responsible management | GRI 103-3 Responsible management

commitment

Improving the environmental performance of our operations and promoting sustainable practices in our supply chain.

our targets



electric energy

TARGET IN PROGRESS

	2020 ⁽¹⁾	Baseline 2013
Absolute target – 2021 Reduce electrical energy consumption by 15% in 2013–2021.	Total energy consumption: 468,518 MWh. We reduced our energy consumption by 27%, in 2013–2020.	Total energy consumption: 643,123 MWh.
Relative target – 2021 Reduce by 52% our energy consumption per R\$1 million in operating revenues ⁽²⁾ in 2013–2021.	Relative consumption: 4.08. We reduced our energy consumption by 49.88%, in 2013–2020.	Relative consumption: 8.10.



Reach a PUE⁽³⁾ of 1.73 in 2021.

TARGET IN PROGRESS

This year, we maintained the same index of 1.79.⁽⁴⁾



By 2021, purchase 96% of electrical energy for administrative buildings from renewable sources.

TARGET IN PROGRESS

By purchasing Renewable Energy Certificates (RECs), we certified that 100% of our energy consumed in Brazil comes from renewable sources.



greenhouse gas emissions – Scope 1⁽⁵⁾

TARGET IN PROGRESS

	2020	Baseline 2018
Absolute target Absolute reduction of 4% in 2018–2021.	Scope 1 emissions: 14,561 tCO ₂ eq. We have reduced our absolute Scope 1 emissions by 21% in 2018–2020.	Scope 1 emissions: 18,658 tCO ₂ eq.
Relative target – 2021 Reduce our Scope 1 emissions by 28% per R\$1 million in operating revenues ⁽²⁾ in 2018–2021.	Relative Scope 1 emissions: 0.13. We reduced our relative Scope 1 emissions by 28.18% in 2018–2020.	Relative Scope 1 emission: 0.181.

(1) Data referring only to Brazil; (2) The figure for operating revenues (OR) is the sum of the Net Management margin from Services, Pension and Capitalization Revenue before Insurance Claims and Selling Expenses; (3) Power Use Effectiveness index; and (4) Indicator being reassessed in light of our strategy to migrate to Cloud Services; and (5) Direct greenhouse gas (GHG) emissions.



greenhouse gas emissions – Scope 2⁽⁶⁾

TARGET IN PROGRESS

	2020	Baseline 2018
Absolute target Reduce our absolute Scope 2 emissions by 6% in 2018–2021.	Location based⁽⁷⁾ Scope 2 emissions: 29,196 tCO ₂ eq. We reduced our absolute Scope 2 emissions by 30% in 2018–2021.	Scope 2 emissions: 41,678 tCO ₂ eq.
	Market based⁽⁸⁾ Scope 2 emissions: 0.0 tCO ₂ eq. We reduced our absolute Scope 2 emissions by 100%.	Scope 2 emissions: 26,236 tCO ₂ eq.
Relative target – 2021 Reduce our Scope 2 emissions by 29% per R\$1 million in operating revenues ⁽²⁾ in 2018–2021.	Location based⁽⁷⁾ Scope 2 emissions: 0.250. We reduced by 37.50% our Relative Scope 2 emissions.	Relative Scope 2 emissions: 0.400.
	Market based⁽⁸⁾ Relative Scope 2 emissions: 0.0. We reduced by 100% our Relative Scope 2 emissions.	Relative Scope 2 emissions: 0.251.



water⁽⁹⁾

TARGET IN PROGRESS

	2020	Baseline 2013
Absolute target – 2021 Reduce water consumption by 13% in 2013–2021.	Water consumption: 635,828 m ³ . We reduced our water consumption by 62.00%, in 2013–2020.	Water consumption: 1,675,032 m ³ .
Relative target – 2021 Reduce our water consumption by 51% per R\$1 million in operating revenues ⁽²⁾ in 2013–2021.	Relative consumption: 5.54. We reduced our water consumption by 73.75%, in 2013–2020.	Relative consumption: 21.1.



waste management

TARGET IN PROGRESS

	2020	Baseline 2017
Absolute target Absolute reduction of 4% in 2017–2021.	Waste sent to landfill: 15,390 ton. We reduced our generation by 31.21% in 2017–2020.	Waste sent to landfill: 22,373 ton.

(2) The figure for operating revenues (OR) is the sum of the Net Management margin from Services, Pension and Capitalization Revenue before Insurance Claims and Selling Expenses; (6) Indirect emissions from electricity consumption; (7) Location based is an approach that quantifies Scope 2 GHG emissions using as an emission factor the average emissions for electricity generation in a given electrical grid, taking into consideration its geographical boundaries and a given timeframe; (8) Market based is an approach that quantifies Scope 2 GHG emissions using the specific emission factor associated with each electricity generation source that the organization has chosen to purchase and consume. Our zero emissions supported by the purchase of Renewable Energy Certificates (RECs), which certify that our energy is 100% renewable with a zero emission factor, are an example of this; and (9) After the publication on 12/04/2020, the ESG Report was updated to correct information related to water consumption. Original data: 630,466 m³ | Adjusted data: 635,828 m³.



traveling

TARGET IN PROGRESS

	2020	Baseline 2018
Absolute target Reduce the absolute number of kilometers traveled by 7% in 2018–2021.	Business travel by vans, buses and vehicles from the executive fleet: 1,009,699 km. We reduced the absolute number of kilometers traveled by 38.5% in 2018-2020.	Business travel by own fleet: 1,789,386 km.
Relative target – 2021 Reduce the number of kilometers traveled by 30% per R\$1 million in operating revenues ⁽²⁾ in 2018–2021.	Kilometers traveled (relative): 8.80. We reduced our kilometers traveled by 48.69% in 2018–2020.	Kilometers traveled (relative): 17.17.



Encourage our supply chain to adopt positive environmental and social impact commitments and practices.

ACHIEVED⁽¹⁰⁾

- For 5 years, we have been part of the CDP Supply Chain Program, an initiative aimed at discussing climate change with the suppliers of our supply chain. Last year, 93% of invited suppliers participated in the program.
- We recently launched the Guide to Environmental and Social Responsibility and Positive Impact for Suppliers, to share our environmental and social guidelines with suppliers, and encouraging sustainable practices within our supply chain.



Encourage and manage our critical suppliers to comply with environmental and social criteria.

ACHIEVED⁽¹⁰⁾

Our suppliers are continuously monitored from a risk standpoint, taking into consideration, among other topics, environmental and social criteria and, if any material occurrence is identified at any time, suppliers may be blocked from entering into new contracts, and, possibly have their contracts terminated.

We require suppliers to be audited, by a third party, every 2 years for the purpose of addressing joint actions with our suppliers, aiming at the suppliers' development from a responsible management standpoint.

(2) The figure for operating revenues (OR) is the sum of the Net Management margin from Services, Pension and Capitalization Revenue before Insurance Claims and Selling Expenses; and (10) Annual targets, monitored periodically.



find out more

ESG Report > **Responsible management**

inclusive management⁽¹⁾

GRI 103-1 Inclusive management | GRI 103-2 Inclusive management | GRI 103-3 Inclusive management

commitment

Improving employees' experience and promoting a diverse, inclusive, healthy and purposeful environment.

out target

employees' experience



Ensuring we achieve high scores on employee satisfaction and engagement surveys.

ACHIEVED⁽²⁾

Employee satisfaction surveys [↗](#)

Year	Pulse	e-NPS Holding
2019	87%	72.7 points
2020	88%	84.2 points

training



Fostering employee development through training programs and inspiring a culture of lifelong learning.

ACHIEVED⁽²⁾

Lifelong learning as the new learning culture [↗](#)

Employees as the protagonists of their own development

- 1.4 million employees participating in digital and in-person training;⁽³⁾
- Accessible content for the visually and hearing impaired;
- Over 50,000 pieces of content available on the Degree platform;
- Over 420,000 contents concluded;
- Over 440 tactive learning paths for employees to continuously develop; and
- Over 160 in-house experts.

occupational health and safety



Increasing employees' engagement in physical and mental wellbeing programs.

TARGET IN PROGRESS⁽²⁾

Physical and mental wellbeing programs ↗	2020	2019
Mental health quiz	25,000 employees	N.A.
Professional Requalification Program	1,758 employees	2,560 employees
Lectures and conversations about health during the pandemic	22,400 employees	N.A.



Encouraging the ongoing implementation of a healthy environment (health and safety).

TARGET IN PROGRESS⁽²⁾

Health-related employee appointments [↗](#)

Telemedicine	69,426 appointments ⁽⁵⁾
Flu vaccine	Over 50,000 employees
Stay OK	Over 18,000 employees served

(1) For information on employees, we included information on Itaú Unibanco companies managed by the Human Resources department only, except for foreign units; (2) Annual target, periodically monitored; (3) Data referring to the SABA training platform; (4) This goal was adversely affected by the COVID-19 pandemic; and (5) The services include: medicine, nursing and nutrition. Note: Due to the pandemic scenario, hiring processes were impacted, affecting the planned evolution of our internal indicators.

diversity



Increasing the number of black employees in our organization.

TARGET IN PROGRESS⁽²⁾

Percentage of black employees [↗](#)

Year	Percentage
2019	22.9%
2020	23.4%

Initiative: changes in the selection process, attractiveness actions and events focused on diversity and racial inclusion. These include internal awareness sessions with over 4,000 participants, as well as development and empowerment programs for black employees.



Increasing the number of women in leadership positions.

TARGET IN PROGRESS⁽²⁾

Year	Women in middlemanagement positions ↗	Women in executive positions
2019	51.7%	13.9%
2020	51.4% ⁽⁶⁾	14.0% ⁽⁷⁾

Initiative: in 2020, we held multiple rounds of conversations and remote training with a gender focus, expanded the dialogue with men, started a mentoring program for female leadership, and recorded more than 10,000 people attending our initiatives.



Improving employee attraction, selection and development programs for people with disabilities.

ACHIEVED⁽²⁾

Programs focused on employees with disabilities [↗](#)

Awareness-raising for 800 employees

Accessibility through telework:

- Transparent masks;
- LIBRAS (Brazilian sign language interpreter service) during virtual meetings; and
- Ergonomics and accessibility equipment.

Percentage of employees with disabilities

Year	Percentage
2019	4.6%
2020	4.6%

(2) Annual target, periodically monitored; (6) Up to superintendent level; and (7) For the 2020 percentage, there was a change in rationale and we considered women at the executive and officer level. Note: Due to the pandemic scenario, hiring processes were impacted, affecting the planned evolution of our internal indicators.



find out more

ESG Report > **Inclusive management**



private social investment

GRI 103-1 Private social investment | GRI 103-2 Private social investment | GRI 103-3 Private social investment

commitment

Promoting access to and extending rights, enhancing the quality of life in cities and strengthening people’s power of transformation through private social investment.

our targets⁽¹⁾



education

Investing in initiatives to promote and enhance the quality of the Brazilian public education system, thus helping improve learning with equality, reduce inequalities, and ensure the full development and decent inclusion of children, teens and youths in society.



culture

Supporting the development of people through art and culture, by providing a diverse array of cultural assets to improve the quality of life and cultural development of Brazilian society.

- Encouraging research, the production of the arts and the preservation of Brazilian cultural memory, to strength the world of culture and its economic segments; and
- Promoting the democratization of culture and access to cinema to the whole population, by giving priority to diverse films and content, developing a critical audience who play an active role in society, and supporting projects that value the different views of the movies.



mobility

Investing in the use of bikes as a mode of transportation in large urban centers to promote a more inclusive and low carbon economy.



Longeviver (Live longer) program

Investing in the ongoing promotion of a protection network, financial security and digital inclusion aimed at improving quality of life for the elderly

(1) The status of these targets has not yet been monitored, since this is a recently launched commitment.



find out more

ESG Report > [Private social investment](#)



sustainable performance and ESG harness

4F. Performance; 4D. Risks and opportunities

- 100** sustainability governance and strategy
- 102** ESG-related compensation
- 103** Amazon Plan
- 104** sustainability in investments
- 107** ESG operations in the wholesale banking segment
- 109** climate finance
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- 114** Itaú Mulher Empreendedora (Itaú Women Entrepreneurs)
- 115** ethics in relations and business
- 120** natural resources

sustainability governance and strategy

GRI 102-18 | GRI 102-20

For us at Itaú Unibanco, business and sustainability move forward together.

At Itaú Unibanco, sustainability pervades all aspects of our business. Both this crosswise approach and materiality are part of the bank's corporate strategy, which is defined and monitored by a corporate governance framework that ensures environmental, social and economic (ESG) issues and trends are reflected in our daily activities and processes. This means we are able to drive both short- and long-term action plans that impact our stockholder relations and are aligned with their interests in a sustainable way.

Our ESG agenda is the result of the maturity of our sustainability governance processes and structures. In recent years, we have made firm commitments in the face of today's great challenges, with targets periodically reviewed, ensuring the transparent and efficient running of the business and approach to the impacts we generate.

The main pillars of our sustainability governance framework are as follows.

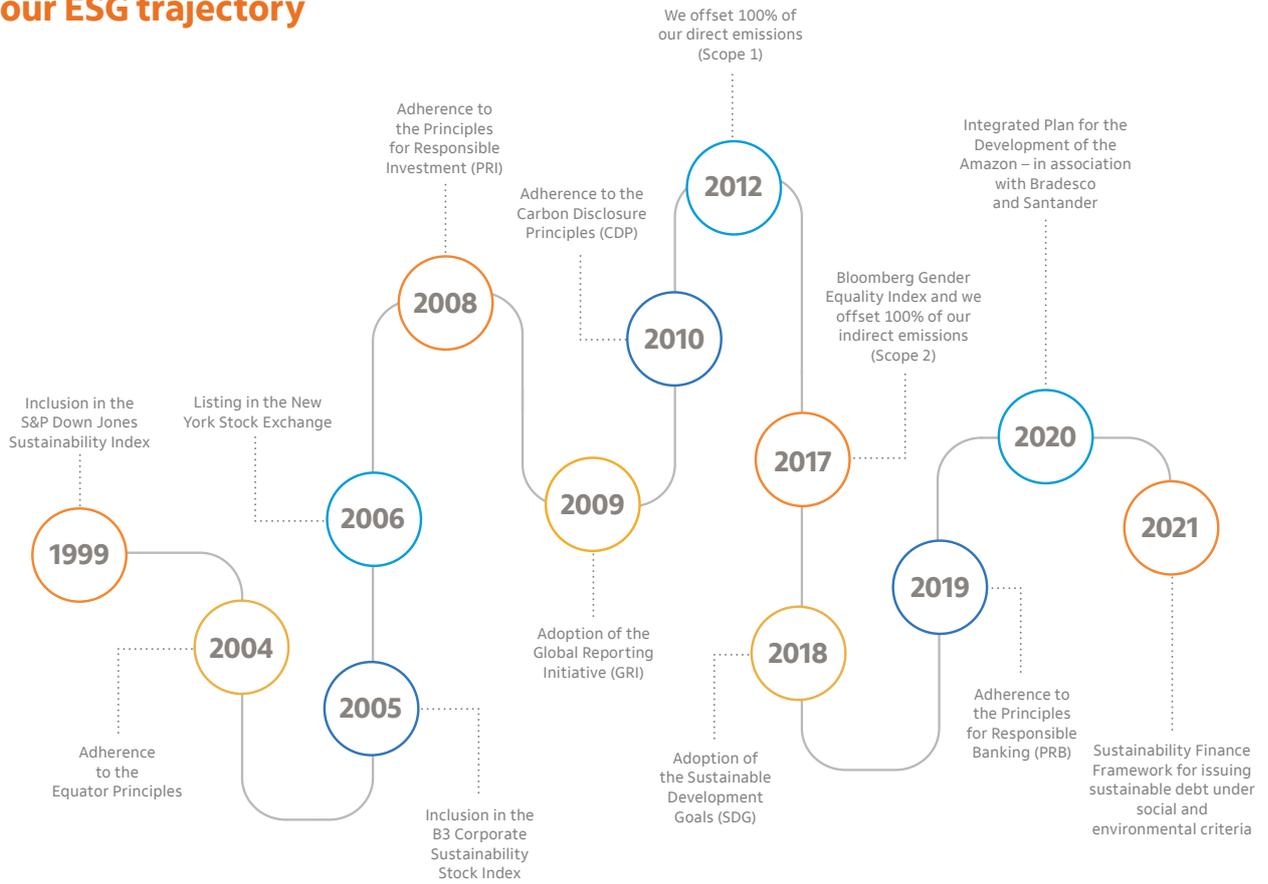
sustainability governance structure



find out more

ESG Report > [sustainability governance and strategy](#)

our ESG trajectory



find out more

ESG Report > **Principles for Responsible Banking**

ESG-related compensation

GRI 102-36

Socio-environmental and corporate governance issues, or ESG, are directly associated with business continuity, and this is reflected in our strategy through commitments governing our daily operations and our relationships with our stakeholders. Our benefit and compensation strategy varies for different areas of activity. We highlight that the variable compensation of executives and supervisors is in some cases linked to ESG issues.

ESG compensation metrics associated with client service and quality of sales and connected to the Financial Citizenship Commitment

Some indicators related to the quality of sales and the suitability of the governance of products could negatively impact the compensation of certain employees, including those in entry-level positions and in higher-level positions, such as superintendents and officers.

At the branches, all employees and leaders may have their variable compensation reduced based on certain metrics, including cancellations of products, concentration of sales on the same client, complaints, civil lawsuits and reimbursements. Additionally, the Net Promoter Score (NPS), which measures the quality of products, services and client service, and other indicators related to clients' financial health could also impact the variable compensation.

- Quality of Sales Programs: the quality of the business is evaluated based on metrics, such as those mentioned above. The team could be subject to disciplinary measures and have their variable compensation impacted, based on our internal policies, if any bad business practices are identified.
- Clients' financial health: this indicator can also impact the compensation of the commercial area. Examples include: (i) credit management (offering special conditions to clients with signs of indebtedness, so that their loan contracts do not become overdue); and (ii) credit recovery (managers and consultants providing advisory services to clients who are already delinquent, encouraging them to find better alternatives to regularize their contracts).

ESG compensation metrics associated with the environmental management of our operations and connected to the Responsible Management Commitment

- The compensation of business units' managers responsible for infrastructure is linked to the achievement of our public energy reduction targets.

ESG compensation metrics associated with ethics and connected to the Ethics in Relations and Business Commitment

- The variable compensation of management members may be reduced when products are not sold in compliance with the governance terms for the evaluation of Itaú Unibanco's products and processes, which are evaluated at the discretion of the executive officer of the department responsible for the product and its application.

Principles for Responsible Banking (PRB)

The financial sector has a key role in the daily lives of people and companies from all sectors, offering products, services and operations and investments. By the end of 2020, **200 banks from 49 countries** [↗](#), with an aggregate of US\$47 trillion of assets, have signed up to the Principles for Responsible Banking (PRB) and committed themselves to strategically aligning their businesses with the UN Sustainable Development Goals (SDG) and the Paris Agreement on Climate Change.

We seek to incorporate these globally assumed principles by complying with our positive impact commitments. In 2020, we started the process of diagnosing principles and identifying which practices were already incorporated into our activities and action plans, in order to implement the recommendations and proceed with signing the pact. In-depth information about our **PRB self assessment** [↗](#) is provided at the end of ESG Report.

Amazon Plan

Brazil's three largest private banks, Bradesco, Itaú Unibanco, and Santander, have unveiled on June 2020 an integrated plan aimed at effectively contributing to the sustainable development of the Amazon region.

In addition to the importance of the Amazon biome to the global climate, this partnership was created in a particularly critical year for this region, with a massive acceleration in the rate of deforestation. According to data from INPE, the Brazilian institute for space research, between August 2019 and July 2020 – the month in which the Amazon Plan kicked off – deforestation in the biome rose by about 9.5%.⁽¹⁾ The region was also hit hard by the COVID-19 pandemic, which has worsened the vulnerability of the population.

about the Amazon region



coverage

The Amazon region encompasses an area of 5.1 million hectares, and it would be alone the 7th largest country in the world (CINDRA).



forest losses

From January to December 2019, Brazil lost approximately 13,610 km² of virgin rain forest (Global Forest Watch 2019).



population

The population of the Legal Amazon region stands at over 27 million inhabitants (IBGE).



socioeconomic status

42% of the population lives below poverty line (SUDAM).

(1) Complete technical note with data on: www.inpe.br/noticias/noticia.php?Cod_Noticia=5615

the ten measures for the preservation and prosperity of the Amazon region, population and economy



meat processing industry and deforestation

Aimed at reducing deforestation associated with the meat processing industry, strengthening internal diligence actions, supporting transition, and coordinating companies and associations to draw up a sector-wide commitment.



financial and non-financial support for sustainable cultivation

Encouraging sustainable cultivation across the region through unique financing lines and financial and non-financial tools.



green infrastructure

Fostering projects aimed at economic development and preservation through green-backed financial instruments and assets.



social infrastructure

Investing in basic infrastructure for the social development of the region.



markets for environmental assets

Fostering economic development and preservation projects through green-backed financial instruments and assets, such as payment for environmental services (PES) and carbon credit.



climate change

Incorporating the impacts of climate change on long-term credit and investment policies, and enhancing the transparency of our reports.



financial inclusion and orientation

Expanding the scope of businesses that promote financial inclusion and orientation in the region.



land regularization

Coordinating and supporting the implementation of a computerized system to record land regularization and mapping state and local legislative projects and advocacy activities with the government.



providing incentives to local development projects

Coordinating the setup of a fund for local actors and leaders working with socioeconomic development projects in the region.



bio economy

Attracting investments to promote partnerships and the development of technologies to foster a bio economy.



find out more

ESG Report > **Amazon Plan**

sustainability in investments at Itaú Asset Management

Our mission is to help our clients achieve their long-term financial goals, contributing to the evolution of the sustainability in investments through our entire products and services platform.

Itaú Asset Management (IAM) is in charge of asset management at Itaú Unibanco. With over R\$750 billion assets under management, we are the largest private asset manager in Brazil. Our 60-year history is defined by ongoing market innovations, and our team is made up of 200 qualified professionals. By continuously attracting talent and remaining close to our clients, we offer solutions to a wide range of investor profiles, with sophisticated and democratic strategies. Our Responsible Investment Policy guides our activities related to sustainability in our investments and ESG integration.

[SASB FN-AC-410a.2](#)

Our ESG journey started in 2004 with the setting-up of Fundo Itaú Excelência Social (FIES). In 2008 we stepped ahead and signed up to the UN Principles for Responsible Investment (UN PRI). We have consistently improved the integration of ESG into all our investment decisions, not only for specific products or strategies.

Sound corporate sustainability, corporate governance and Stewardship⁽¹⁾ practices are essential to creating value to companies and contributing to more transparent and efficient financial and capital markets.

innovation in ESG integration

GRI 102-15 | GRI G4-DMA Product portfolio (former FS5)

In 2020 we reached 99.84% ESG coverage for all Itaú Asset Management's eligible assets. This historical milestone was reached ten years after we started our ESG journey, highlighting our long-term dedication and commitment to sustainability in investments. GRI G4-FS11

The implementation of ESG assessments of investees is the responsibility of the dedicated ESG team, and these are shared with all the managers of investment funds and sector analysts, who are responsible for knowing the ESG

risks identified by these assessments and take them into account in making investment decisions. Our CIO and CEO are responsible for supervising the topics Stewardship, ESG integration, proxy voting and engagements, and we reassess our ESG plans and goals annually.

Our ESG models for companies are aimed at estimating and integrating the financial impact of E&S issues according to traditional valuation models. This assessment identifies eight multi-sector dimensions and prioritizes the critical variables to each sector when evaluating companies. Additionally, our ESG approach is in line with international initiatives, such as the Global Sustainable Investment Alliance (GSIA).

[SASB FN-CB-410a.2](#) | [SASB FN-AC-410a.2](#)

 over **R\$750 billion** assets under management

 team made up of **200** qualified professionals

 **ESG coverage** of **99.84%** of our managed assets

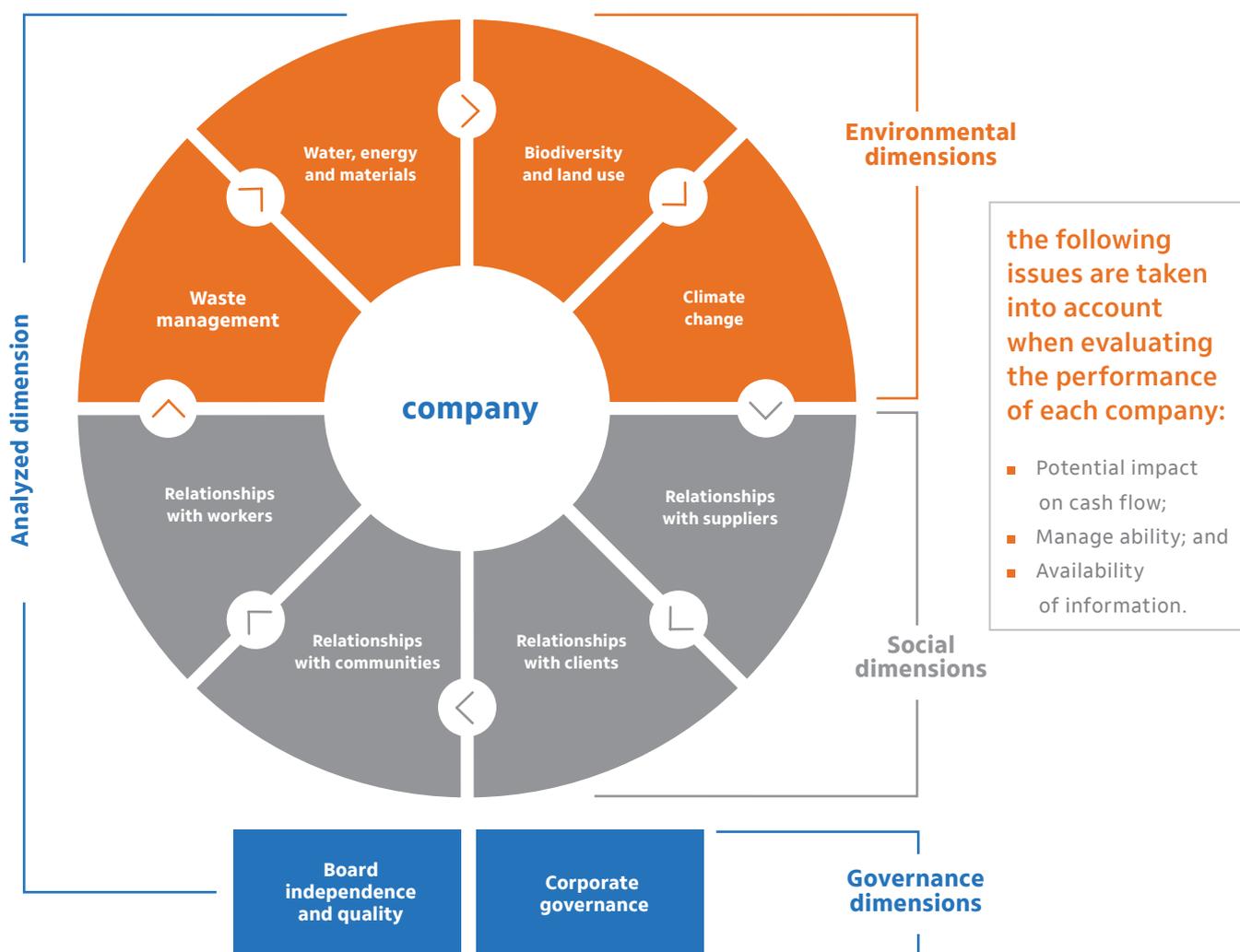
 **102 companies** in 21 economic sectors were engaged

 attended **99 general stockholders' meetings** of investees

 prize winner **ALAS Institution Brazil**

(1) By Stewardship, we mean excellence in managing and monitoring securities held on behalf of our clients.

companies performance evaluation



ESG and topic-specific funds

GRI G4-DMA Economic performance

In 2020, we launched a family of ESG and topic-specific products dedicated to the Brazilian and foreign markets. The purpose of these products is to provide our clients with investment opportunities that contribute to more sustainable development, and a more transparent and efficient capital market. Currently, our ESG portfolio is composed of the following products:

ETF ISUS11: ETF ISUS11 is a listed equities income fund, and its quotas are traded on the stock exchange. The purpose of the fund is to track the Business Sustainability Index (ISE) of B3.

ETF GOVE11: ETF GOVE11 is a listed equities income fund, and its quotas are traded on the stock exchange. The purpose of the fund is to track the Trade Corporate Governance Index (IGCT) of B3.

International Itaú ESG Portfolio Fund: The Fundo Carteira Itaú ESG Internacional derives from the successful Fundo Carteira Itaú (Itaú Portfolio Fund), an asset allocation fund aimed at offering a full investment portfolio through diversification, with investments in Brazil and abroad. The Fundo Carteira Itaú ESG Internacional seeks to invest in the ESG versions of mainstream indices and funds. In this way, Itaú Asset Management enabled a diversified asset allocation fund with significantly improved ESG criteria.

Main investment types:

- Brazilian fixed income;
- Brazilian equities;
- multi-market funds with third-party selection;

- currency;
- foreign fixed income;
- world equities and gold; and
- Brazilian shares with third-party selection.

Itaú ESG water Index Fund

Access to water is an ongoing challenge to governments, companies and individuals worldwide, not only in high water-stress regions. Mass urbanization, climate change and more recently the COVID-19 pandemic have shown the importance of this asset to public health and the private sector. The Fundo Itaú Index ESG Água purpose is to invest in 50 global companies operating in the water segment, fostering positive externalities to society and the environment.

Itaú ESG Clean Energy Index Fun

The transition to a more carbon-efficient economic system is one of today's major global challenges. Against this backdrop, energy sources deemed clean tend to be developed at a more accelerated pace compared

to the market as a whole, particularly in countries with ambitious CO₂ emissions targets. The purpose of the Fundo Itaú Index ESG Energia Limpa is to invest in 30 global companies operating in the clean energy generation segment, such as biofuels, solar energy and wind energy.

Itaú ESG Moment Fund – Equities

Integrating ESG issues into the investment assessment and into allocation decisions has been a reality at Itaú Asset Management since 2010. However, the Fundo Itaú Ações Momento ESG goes beyond this, and its purpose is to provide clients with an unconstrained investment strategy for listed equities, which seeks a full return in the long-term, and includes the use of Itaú Asset's ESG filter to select companies. The strict ESG company assessment process carried out by this fund is aimed at avoiding investments in companies currently involved in controversial ESG issues. The streamlined portfolio uses an investment process based on ESG-oriented investigative assessment. It combines the search for companies with high-quality business and management with the flexibility to explore market opportunities.

sharing knowledge

During our ESG journey, we have sought to educate investors through participation in events and preparing white papers outlining our ESG models and describing

how we assess the importance of specific topics, such as climate change, the water crisis, the UN Sustainable Development Goals (SDG), among others.



Integrating ESG issues into company valuations

[Find out more](#)



Integrating ESG issues into fixed income securities

[Find out more](#)



Responsible investment in COVID times

[Find out more](#)



Climate change and its impacts

[Find out more](#)



Responsible investment from the SDG viewpoint

[Find out more](#)



find out more

ESG Report > [sustainability in investments at Itaú Asset Management](#)

ESG operations in the wholesale banking segment

In 2020, we created a working group aimed at integrating ESG into the loan portfolio. Upon delving deeper into this work, we felt the need to prepare a specific governance structure to carry out discussions on our deliveries, and the challenges this agenda imposes on financial institutions in general. Accordingly, the ESG Committee, composed of executives from the Wholesale Banking segment, was established to monitor the evolution of projects, discuss trends in local and foreign markets and the progress of the agenda, assess ESG operations and connect strategic matters that involve the topic in large companies.

ESG bonds

Itaú BBA has been working with distinction on the structuring of issues of ESG bonds in local and foreign capital markets, which includes green seal, social or sustainable operations or operations with characteristics tied to sustainability targets (ESG-linked).

In 2020, we structured our first issue of debentures in the local market, in the amount of R\$1 billion, to have its yield tied to compliance with sustainable targets related to the increased consumption of renewable energy and the reuse of solid waste. Meanwhile, in the foreign market, we participated in important issues, structuring the first issue of green bonds of the logistics sector, amounting to US\$500 million, with funds intended for investments in initiatives aimed at reducing greenhouse gas (GHG) emissions and improving the issuing company's energy efficiency. Additionally, we structured the first green issue of two Brazilian financial institutions, establishing a leading position in this market, and expertise in assisting clients with their first funding operations with the ESG seal.

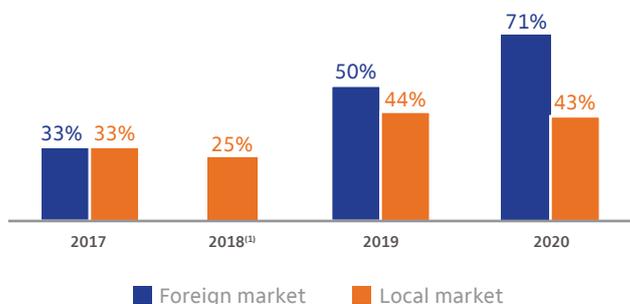
(1) Any funded transaction that is not the result of onlending.



In January 2021, we issued Itaú Unibanco's first proprietary sustainable bond, amounting to US\$500 million.

This was the first Sustainability Bond (which combines green and social aspects) of a Brazilian issuer and the first Latin America's Tier 2 Sustainability Bond.

participation of Itaú as a coordinator of ESG Bonds of Brazilian companies in local and foreign markets



(1) In 2018, there were no issues of ESG Bonds by Brazilian companies in the foreign market.

The funds from the proprietary issue will be used to finance or refinance⁽¹⁾ green and/or social projects within our loan portfolio, in accordance with our Sustainability Finance Framework, and are directly related to positive impact commitments.

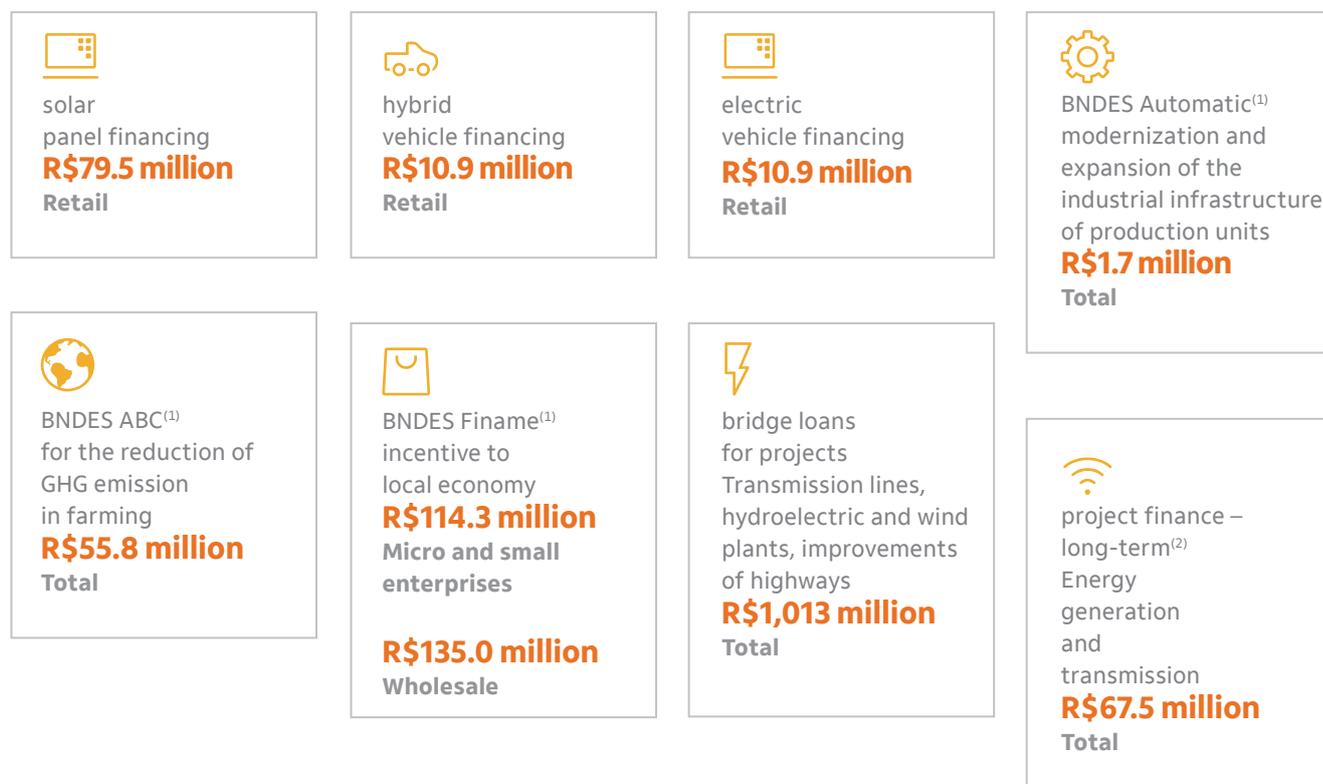


find out more

ESG Report > **ESG operations in the wholesale banking segment**

allocation of funds by type of financing

We have several types of financing, many of which promote environmental and social benefits. In accordance with the table below, in 2020 we originated R\$4.8 billion in financing with these aims.



(1) The purpose of all lines from BNDES is to stimulate Brazilian companies, resulting in an increase in jobs and demand for Brazilian industrialized products, in addition to providing access to cheaper capital for investments in technology; and (2) Excluding capital market operations.



find out more

ESG Report > environmental and social risk management in credit approval

climate finance

GRI 102-11 | GRI 102-15 | GRI 201-2

Climate finance has become one of our strategic priorities, and since 2019 it has been incorporated into our positive impact commitments, such as the commitment to incorporate the recommendations of the TCFD on governance, strategy, risk management and climate metrics and targets by 2022, in addition to the commitment to increase financing on positive impact and renewable energy sectors.

Climate risk governance is part of the environmental and social risk governance structure, directly supervised by the Chief Risk Officer (CRO), the executive responsible

for this topic at the bank. Our Environmental and Social Risk Committee (CRSA), a joint decision-making body, is also responsible for decisions related to climate risk, and can bring the most relevant topics to the attention of the Board of Directors for decision-making purposes.

We have a multidisciplinary Climate Finance group composed of the Corporate Environmental and Social Risk⁽¹⁾, within the Corporate Compliance Office, Sustainability, Finance and Investor Relations departments that coordinates the actions and projects to meet the recommendations of the TCFD.

Senior Management	Chief Risk Officer Executive Responsible for the topic.	
Decision-making and supervision	Environmental and Social Risk Committee (Compliance, Credit Risk and Legal) Decision-making on climate risk.	Positive Impact Committee (Sustainability and Investor Relations) PMO and commitment to implement the recommendations of the TCFD.
Performance/Implementation	Transnational Environmental and Social Risk Climate risk management in line with environmental and social risk management.	Climate Finance Squad (Sustainability, Transnational Environmental and Social Risk, Finance and Investor Relations) PMO Implementation of the Recommendations of the TCFD.
Policies	Sustainability and Environmental and Social Responsibility Policy Climate Risk Management Procedure	

Task Force on Climate-Related Financial Disclosures (TCFD) recommendations

The TCFD has issued recommendations encouraging organizations from a number of sectors to gather and disclose information about the impact of climate change on their business.

We address climate finance management from different perspectives. We use an internal methodology to calculate the percentage of TCFD recommendations

implemented. Outstanding for its pioneering initiative in Brazil and inspired by the work carried out by Brazilian Business Council for Sustainable Development (CEBDS), Accounting for Sustainability (A4S), KPMG, the Brazilian Federation of Banks (FEBRABAN) and the United Nations Environment Programme – Finance Initiative (UNEP FI), this methodology has been developed and applied through internal workshops engaging the Company’s different departments.

(1) The Corporate Environmental and Social Risk Office is part of the Corporate Compliance Office, and has three administrations, including the Transnational Environmental and Social Risk Coordination Office, which is responsible for investigating climate risk.

Our methodology assigns weightings to the actions required to implement the recommendations, based on the complexities of five dimensions: technical, political,

temporal, human capital, and financial capital. Please find below the current project implementation status.

project implementation aligned with TCFD

Status on the implementation of climate finance projects in response to TCFD recommendations

2008⁽¹⁾  79% 2022

Aspect	Delivered in 2020
 <p>Governance 96.50%</p> 	<p>Resolutions on climate risk are taken by the Environmental and Social Risk Committee. Our CRO was nominated as the executive responsible for this topic.</p> <p>Our work is carried out in a multidisciplinary way, through our Climate Finance Squad, who are responsible for implementing TCFD recommendations and managing climate change projects.</p> <p>The Corporate Environmental and Social Risk department is responsible for carrying out climate risk engagements and for ongoing follow-up of this topic, thus providing an integrated view of the bank's business and how it quickly deals with this topic.</p> <p>Climate risk was included in Itaú Unibanco's Environmental and Social Responsibility and Sustainability Policy and in specific procedures on climate risk management, with exposure of concepts, tools and methodologies in use and responsibilities of each involved area, duly formalized following the Compliance guidelines.</p>
 <p>Strategy 73.01%</p> 	<p>We take an active role in local and international discussions on climate change.</p> <p>In collaboration with UNEP FI, we have developed tools and methodologies to identify and address climate finance, in addition to already having developed and disclosed climate scenarios.</p> <p>In collaboration with FEBRABAN, we developed and implemented climate risk management tools, as well as a process for identifying material risks associated with the E&S risk, including climate risk.</p> <p>We also include implementing the TCFD recommendations among our positive impact commitments, and integrating climate risks and opportunities into our strategy.</p>
 <p>Risk management 69.19%</p> 	<p>We included climate variables in the calculation of the credit risk rating of the bank's corporate segment (CIB).</p> <p>We have set out a Climate Risk Governance framework.</p> <p>We widened the mandate of the Environmental and Social Risk Committee to also address climate risk.</p> <p>We implemented the monitoring of our corporate loan portfolio's sensitivity to climate risk.</p>
 <p>Targets and metrics 84.63%</p> 	<p>Our targets for the bank's operating emissions are Science-Based Targets (Scopes 1 and 2 emissions).</p> <p>We adopted PCAF and PACTA methodologies to understand our financed emissions and climate alignment with the Paris Agreement.</p> <p>We have implemented a methodology for analyzing the sensitivity of our credit portfolio to climate risk.</p>

(1) Since 2008 we have been implementing climate actions, already aligned with TCFD recommendations, even before their introduction in 2015, such as the Greenhouse Gas Inventory and the setting of emissions reduction targets.

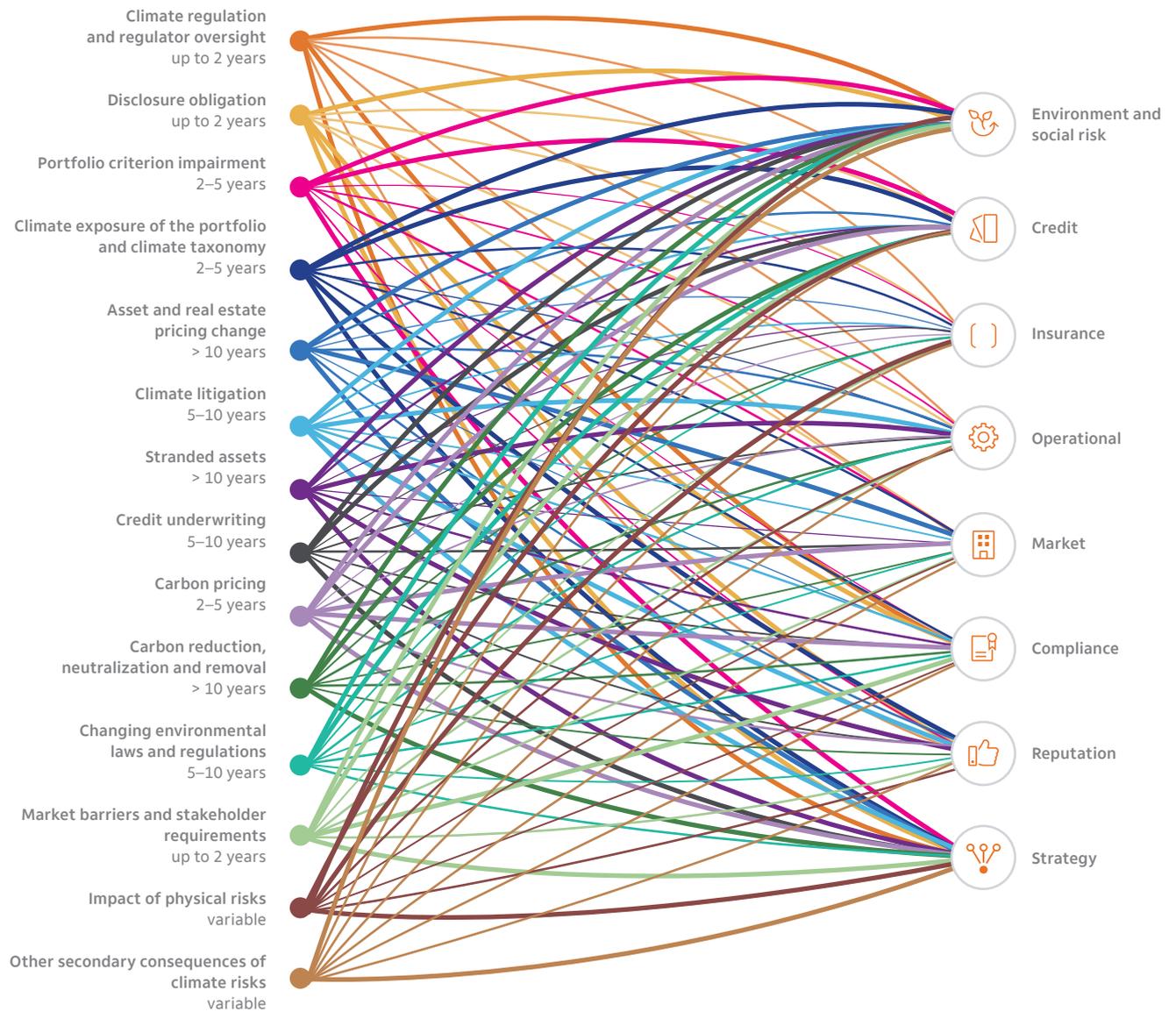
In order to incorporate climate risk into integrated risk management processes, we have included the topic in our Environmental and Social Responsibility Policy (PRSA) and created a Climate Risk Management procedure, in line with our PRSA.

 **find out more**
Environmental and Social Responsibility Policy (PRSA)

climate risk

Based on a comprehensive bibliographic review, we mapped the potential impacts of climate risk and their channels of transmission onto traditional risk disciplines taking into consideration intervals of up to 2 years, from 2 to 5 years, from 5 to 10 years and over 10 years, and classified according to their nature and possible qualitative materialization scenarios. We understand that the climate risk can materialize in a physical or transitional manner:

In mapping climate risks, we took three qualitative scenarios into consideration:



 **physical risks**
Extreme climate events and changes in climate parameters

 **transition risks**
Carbon pricing, climate regulation, technology, reputational risk

scenario 1: Orderly transition

In this scenario, the transition to a low-carbon economy begins in 2020 and takes place in an orderly manner, such as through government and regulatory actions and a sustained drop in greenhouse gas emissions. Through climate regulations, carbon pricing, stimulus for technological development and creation of jobs in the new economy, the economy would have time to adjust to the new context.

scenario 2: Disorderly transition

In this scenario, the transition to a low-carbon economy takes place at a delay, requiring accelerated and disruptive changes in different sectors of the economy. The impacts would be more intense on some sectors and countries, with the probability of a systemic financial crisis, and growing pressure on the different organizations.

scenario 3: Materialization of physical risks

In this scenario, the objectives of the Paris Agreement are not reached, and the effects of climate change become increasingly more evident. The occurrence of extreme climate events, and the change in climate standards may affect the productivity of many sectors of the economy, and may also lead to a financial crisis.

The novel coronavirus pandemic makes the need for a global climate action even more urgent since, given its complexity and potential of interaction with other risks, the consequences of climate change could be as or more drastic than those of the pandemic. In addition to the need to better understand and assess climate risks, the pandemic also brought opportunities with respect to the development of more resilient businesses and the search for an economic recovery that is more in line with global climate goals.

financed emissions in the Real Estate and Vehicles segments

In 2021, we started to support the Partnership for Carbon Accounting Financials (PCAF), a global partner on the development of a methodology to measure financed emissions. We applied the methodology to a part of our 2020 real estate and vehicle portfolio, for which we indentified a total of 21,700 tons of CO₂ emissions in real estate portfolio and 834,102 tons of CO₂ in vehicle portfolio.

climate finance and the novel coronavirus pandemic

Previously seen as an emerging risk the management of which would be considered good practice, climate risk has quickly become a material risk for institutions in all sectors of the economy. In 2020, the Bank for International Settlements, in its "The Green Swan" report, states that some level of materialization of climate risk is expected, recognizing the uncertainties and non-linearity of this risk. The crises arising from climate events may be even more catastrophic than traditional systemic financial crises, and these risks may have a chain of consequences. The interaction of climate risk with other risks is also covered in The Global Risks Report of the World Economic Forum, and even in 2021 the organization presents climate risks among its five major global risks.



find out more

ESG Report > **climate risk**

Itaú microcredit

SASB FN-CB-240a.4

Itaú Microcredit is a credit line aimed at financing the production activities of micro-entrepreneurs, whether formal or informal, with an annual revenue of up to R\$360,000. It complies with the National Production-Oriented Microcredit Program (PNMPO) and is based on the direct relationship with entrepreneurs through a credit agent who assesses the business potential and the required funding and the borrower's credit worthiness. GRI G4-FS13

Investing in microcredit consolidates our strategy of being an agent of transformation in society. We believe that this product represents an opportunity to play our role in providing knowledge and suitable financial solutions, fostering an ecosystem of small entrepreneurs and ensuring their financial inclusion. The ultimate goal is to create a virtuous cycle of socioeconomic development for Brazil's low-income population.

GRI G4-FS13 | GRI 203-2

microcredit portfolio – at the end of the period	2020	2019	2018	change 2020 vs. 2019
Size of portfolio – R\$ million	28.9	37.0	14.0	(21.9%)
Number of clients	10,914	15,577	4,801	(29.9%)
Overdue term	3.9	4.6	1.5	(15.2%)
From 1 to 90 days	1.6	2.9	0.6	(44.8%)
From 91 to 360 days	2.3	1.7	0.9	+61.7%
Non-performing loans	14%	13%	11%	+ 1 p.p.

Driven by the pandemic and aiming at giving priority to our team's wellbeing, the commercial team almost exclusively worked remotely during 2020, which prevented them from visiting clients. This is why the volume of the portfolio dropped in 2020, as visits are our main strategy for attracting clients.

microcredit portfolio GRI G4-FS7

Our microcredit portfolio is composed of formal and informal entrepreneurs who work in small businesses, with loans ranging from R\$400.00 to R\$20,300.00. The product is mainly traded in the Northern and Southern regions of Brazil, and reaches other regions through our branch network.

profile of microcredit clients GRI G4-FS13

The micro-entrepreneurs in our Microcredit portfolio are mostly women (59%), married (51%) and have their own fully paid off houses (89%).



find out more

ESG Report > Itaú microcredit

Itaú Mulher Empreendedora (Itaú Women Entrepreneurs)

GRI 203-2 | GRI G4-FS14

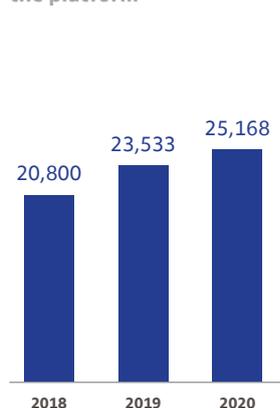
The purpose of the Itaú Women Entrepreneurs program is to support the development of women-led businesses using an online platform that offers solutions and tools that empower women, introduce inspiring referrals, and facilitate networking between women entrepreneurs. The planning of the pilot project started in 2013 through a partnership with the International Finance Corporation (IFC), the World Bank and the Inter-American Development Bank (IDB).

The Itaú Women Entrepreneurs program targets a wide audience. The online platform alone has been used by over 25,000 women entrepreneurs since it was launched. In 2020, over 260,000 people viewed the approximately 760 pieces of content available. [Click here](#) to access the platform.

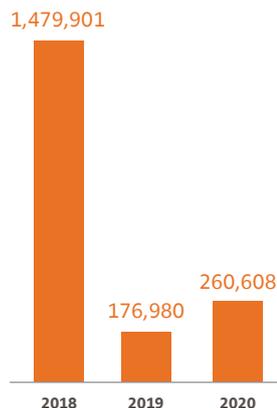
The Itaú Women Entrepreneurs program has strategic partnerships with organizations that support gender equality. We have signed up to the voluntary commitment to the Women's Empowerment Principles (WEPs), established by the UN Global Compact and UN Women, to promote gender equality and women's empowerment in the workplace, the market and the community. Our achievement is evidenced in our making up the Bloomberg Gender-Equality Index.

satisfaction assessment on the online platform: 7.8 (0–10)

people registered on the platform⁽¹⁾



access to the platform⁽²⁾



(1) Accumulated values; and (2) In 2018, we had the institutional campaign #VaiGarota broadcasted on the main media in the country, which brought a great visibility for the program, significantly expanding the registered public.

evolution of loan portfolio for women

Granting credit to women entrepreneurs is an important means of supporting female entrepreneurship. Accordingly, our target was to increase the volume of credit granted to women, expected to reach R\$9 billion by 2024, fulfilling our positive impact commitment as part of the Entrepreneurship and Inclusion agenda. In 2020, the volume of loan transactions to women-led businesses (over 51.0% ownership interest) reached approximately R\$9 billion, up 42.8% from 2019, which then reached R\$6.3 billion.

As the target previously set was hit before the expected deadline, driven by credit incentives aimed at the economic recovery in the face of the pandemic, an unpredictable scenario in the previous projection, the target was adjusted to R\$11 billion by 2024, challenging us to provide even more support to stakeholders.



find out more

ESG Report > Itaú Women Entrepreneurs

ethics in relations and business

GRI 103-1 Ethics in relations and business | GRI 103-2 Ethics in relations and business | GRI 103- Ethics in relations and business

We have a set of guidance and practices that drive our conduct in all our relationships. Itaú Unibanco's Code of Ethics, as approved by the Board of Directors, is the main document in this respect, formalizing our commitment to the topics discussed at major International Labor Organization (ILO) conventions and other international agreements, as well as guiding our internal policies related to integrity and ethics.

Every employee, regardless of their position, must adhere to a statement that comprises the guidelines of the Code of Ethics and other related corporate policies. Compliance with the bank's Code, and its major principles and values is guaranteed by the Integrity and Ethics Program. [GRI 102-16](#)

Our initiatives to integrate and monitor integrity and ethics practices into our activities, such as policies, training, and reporting channels, among others, are set out below.

relations with the sector and society

We have selected sponsorships and memberships that are in line with our work principles, increasing the scale of our impact. We establish internal and external commitments, create partnerships and make direct efforts towards the government and civil society, in addition to exercising our influence on market players.

Through contributions to associations, we helped develop opportunities for discussion and dialogue with agents from the sector, guiding the preparation of self-regulation policies and structuring joint actions between institutions, using as a method, in most cases, meetings and working groups with those involved in the projects.

Our memberships are mainly classified as representative and non-representative. The former are entities from market sectors that carry out activities related to the interests of the organization, and the latter are entities whose purpose is to congregate, nurture, support and develop civic, corporate or institutional activities in order to add value to society.

relationship with suppliers

GRI 102-10 | GRI 203-2 | GRI 308-1 | GRI G4-FS14

In 2020, we launched the Supplier Guide to Environmental and Social Responsibility and Positive Impact, aimed at sharing our ethics guidelines and best practices across our supply chain. Also, in 2020 our employees attended training on the guidelines in the Supplier Relationship Code, which is part of the Integrity and Ethics Program. [GRI 102-17](#)

Before becoming a supplier to the bank, it is mandatory that the potential supplier signs up to the Supplier Relationship Code of Conduct, available in Portuguese, English and Spanish on the Itaú Suppliers website.

At Itaú Unibanco, responsible management is aimed at improving our performance in our operations and supply chain, including in terms of environmental concerns, and social issues such as ethics, diversity, and respect. After registration, we carry out a confirmation process aimed at assessing applicant companies' compliance with environmental and social responsibility best practice, as well as their fulfillment of their business obligations and respect for tax and labor laws and regulations.



find out more

ESG Report > **entities of which we are members**

During this process, we assess the following risks, depending on the products or services being supplied:

- Reputational/regulatory: review of the risks related to reputation and compliance with the relevant laws and regulations;
- Financial: review of the risks related to a supplier's financial health; and
- Labor: review of the risks related to a supplier's compliance with statutory labor obligations.

Approved suppliers are periodically monitored for the same risks assessed during the confirmation process. In 2020, we had 15,649 approved suppliers (Brazil), of which 1,055 were new, with an approval rate of 84.27%. The estimated cash amount of payments made to suppliers was R\$23.09 billion. GRI 102-9

suppliers assessment GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	2020	2019	2018	change 2020 vs. 2019
Approved suppliers (Brazil)	15,649	14,798	13,789	+ 5.7%
New approved suppliers (Brazil)	84.2%	84.5%	94.6%	(0.3) p.p.
Number of procurement processes	4,204	5,224	11,456	(19.53%)
Total procured amount (R\$ billion)	11.0	10.0	12.3	+ 7.6%
Purchases from local suppliers – within the same state (%)	84.2%	77.4%	54.7%	(8.8%)

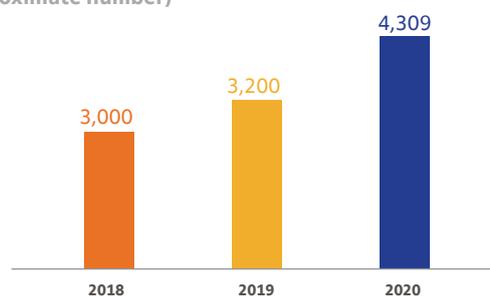
government relations⁽¹⁾

We value having ethical and transparent relationships with all public officials, which respect the laws, rules and regulations in force. We represent institutional interests and the interests of the financial system by monitoring the regulatory framework for the sector issued by the government and by providing technical suggestions and information. The bank's purpose is to contribute to perfecting the Brazilian regulatory scenario, while complying at all times with legal and ethical precepts.

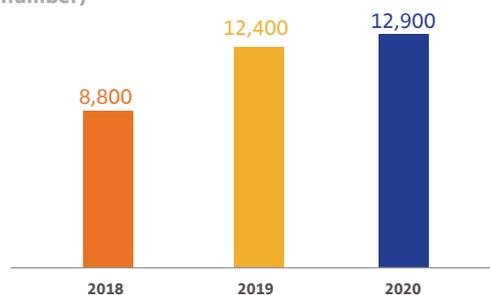
The activities carried out with public bodies, focused on issues involving the business and causes supported by the bank, promoting democracy and respect for Brazilian laws. These principles are set forth by our Code of Ethics and Government Relations Policy and guide the conduct permitted and expected from our employees in their relationships with public officials.

(1) We maintain contact with government entities to contribute to the development of public policies to further the interests of the organization and society. Our work with public bodies is based on the principles of ethics, transparency, morality and legality, promoting democracy and respect for Brazilian laws and the principles outlined by our Code of Ethics.

legislative proposals at the federal level (approximate number)



legislative proposals at the state and local levels (approximate number)



find out more

ESG Report > [relationship with government and suppliers](#)

Our efforts are directed towards the federal, state and local levels. At the federal level, we monitor the progress of legislative proposals pending at the National Congress on topics involving the financial sector, such as issues concerning tax, consumers, labor and regulations regarding new technologies and the like.

GRI 207-1 | GRI 207-2 | GRI 207-3

In the course of its operations, the bank interacts with lawmakers and public administrators in fields including security, consumer rights, fiscal and tax issues and the environment. We receive and manage the records made by our management members and employees of their interactions with public officials, reporting the data and the situations deemed necessary to the vice chairman responsible for the respective department, and to the Integrity and Ethics Committee. The confidentiality of the information provided is guaranteed. In 2020, 1,375 interactions were recorded. GRI 207-1 | GRI 207-2 | GRI 207-3

Itaú also collaborates with projects for the development and increase in the efficiency of the government, especially BrazilLAB, which promotes initiatives focused on digitalization and innovations in the infrastructure through which the government and its partners provide services to society. It also supports the Movimento Brasil Competitivo (MBC), a movement that shares governance concepts and implements management methodologies within public administrations.

legal compliance

In conformity with Law No. 9,504/1997, as amended by the Electoral Reform Law (Law No. 13,165/2015), our internal donations policy bars any type of: (i) donations made directly to public officials, bodies or entities of the government, or to direct or collateral relatives or relatives by affinity of public officials, up to the second degree, for the purpose of influencing decisions in which we have an interest; and (ii) electoral donations or donations to political candidates and parties. Therefore, in accordance with the Brazilian laws and regulations, in 2020 we made no donations of funds to political parties or candidates for use in the elections. GRI 415-1

Itaú is an advertiser member of the Brazilian Council of Advertising Self-Regulation (CONAR), and complies with the rules and principles of the Brazilian Code of Advertising Self-Regulation applicable to its advertising campaigns and communications.

In 2020, we had a case heard by the CONAR, with the resulting recommendation to modify the advertising campaign “180 additional days to repay your loan installments – corporate clients”. The purpose of this campaign was to help corporate clients make it through the pandemic, offering the possibility to extend, for 180 days, the maturity dates of certain loan operations based on the conditions available on the website.

CONAR has recommended that the advertisement be adjusted to include the fact, which was already made available on Itaú’s website, that the offer was only applicable to transactions already taken out with no default or delinquency on payments. CONAR recommendations are not mandatory per se, and Itaú has voluntarily adjusted the advertisement. Including public interest civil actions involving marketing communications, we had no unfavorable judgements in 2020. GRI 417-3

communications channels – employees, clients, suppliers, regulatory authorities and the society

Through our communications channels we investigate reports received on a timely basis and based on the values of independence, impartiality and confidentiality, and to keep records of all identified cases, and corresponding investigations and decisions. Employees and management members are kept informed of the existence of these channels through corporate communications (email, intranet, corporate TVs, etc.). These channels are also disclosed at in-person and remote training events. Foreign units also have local channels (in addition to the parent company’s channels) to receive calls from their employees. These channels are stated at the Code of Ethics of each unit.

Calls are investigated based on the following assumptions:

- the secrecy of the investigation will be strictly maintained;
- anonymity is also guaranteed for those who so desire;
- the investigation will be unbiased and independently conducted;
- complaints or claims with poor reasoning will be brushed aside;
- malicious complaints or claims aimed at harming a person will be subject to disciplinary sanctions; and
- disciplinary sanctions are to be applied against management members and employees who attempt retaliation against anyone who, in good faith, reports ethical or other misconduct.

Among the sanctions we apply in cases found to be legitimate are: disciplinary actions for employees; and penalties provided for by law, indemnification actions, reduction of scope and the termination of supplier contracts.

The practices applied to our communication channels comply with various laws, rules and regulations.

Ethics advisory

GRI 102-17

The Compliance department has an internal channel, named Ethics Advisory, which receives questions from employees and management members about business ethics and conflicts of interest. In 2020, we received 995 questions. The most common topics addressed include: external activities and companies (34%), internal kinship (30%), offering and receiving gifts (7%), relations with clients and suppliers (7%), etc.

inspector's office

SASB FN-CB-510a.2 | SASB FN-AC-510a.2 | SASB FN-IB-510a.2

The Corporate Security Office reviews complaints received from employees and external stakeholders, obtaining supplementary information and documents to investigate the facts, carries out interviews and internal and external investigations and, when required, requests support from other departments, such as the Legal, Audit or Internal Ombudsman's Office, to help analyze and/ or address such complaints. It operates according to our Reporting Channel Procedures – Wrongdoing and our Corporate Policy for the Prevention of Wrongdoing.

reporting wrongdoing

SASB FN-CB-510a.2 | SASB FN-AC-510a.2 | SASB FN-IB-510a.2

Every six months, we prepare reports containing the number of reports received containing indicators of wrongdoing, their nature, the proper departments involved, and the average response time for handling the situation and the actions taken. This report is subject to the Internal Audit, has been approved by the Board of Directors, and is available to the Central Bank of Brazil. In the event that a specific complaint cannot be assessed due to a conflict of interest, the procedures to be followed for the submission of the complaint to the Executive Internal Audit Office is as follows. GRI 102-25



find out more

ESG Report > **ethics in relations and business**

cases of discrimination

GRI 406-1 | SASB FN-CB-510a.2 | SASB FN-AC-510a.2 | SASB FN-IB-510a.2

Even though we have an External Ombudsman's Office, which is a communication channel that receives and responds to questions, criticism and calls from clients, certain allegations of discrimination have been brought to the courts or other authorities.

In 2020, 17 lawsuits involving the bank's clients and discrimination were settled, of which: (i) three had their claims denied; (ii) three were dismissed without prejudice; (iii) eight reached a settlement agreement; and (iv) three were tried by the courts, which ruled that the clients had been improperly treated and ordered Itaú to pay compensation.

our internal Ombudsman channel

GRI 102-17 | SASB FN-CB-510a.2 | SASB FN-AC-510a.2 | SASB FN-IB-510a.2

The Internal Ombudsman's Office is our internal ombudsman channel, an independent department operating with full autonomy within the organization and reporting directly to the CEO. It operates according to the internal document, the Internal Ombudsman's Office Procedures. Its purpose is to handle any suspicious behavior, complaints, grievances, ethical misconduct, behavior contrary to institutional policies, as well as interpersonal conflicts and conflicts of interest in the workplace.

In its 13 years of existence, this channel has already handled over 31,000 calls. This figure is an indication of the credibility it has achieved, mainly driven by the channel's commitment to quality and to the consolidation of its role, that is, helping build a company that values respect and integrity in all of its relationships, and seeks to achieve its goals without deviating from the highest ethical standards, in an environment where everyone can be proud of working. GRI 406-1

In 2020 the number of calls received by the Internal Ombudsman's Office dropped by 5% on the prior year. This reduction was impacted by the period of the pandemic in Brazil, with the number of calls in the first months (March to August) down by 18%, and recovering a level similar to 2019 only after September.

calls	2020	2019	2018	change 2020 vs. 2019
Calls in the year	2,016	2,132	1,750	(5.4%)
Received and completed in the same year	1,945	2,002	1,484	(2.8%)

The investigations conducted in prior years, the number of employees reported, the percentage of legitimate cases and the main behaviors reported in legitimate cases were as follow:

reported	2020	2019	2018	change 2020 vs. 2019
Number of employees reported	1,210	1,632	1,074	(25.9%)
Legitimate cases – %	40%	30%	42%	+ 10 p.p.
Behaviors				
Deviations from internal policies	17.8%	20.4%	30.5%	N.A.
Bad character	2.2%			N.A.
Lack of effective management	7.7%	5.1%	9.7%	+ 2.5 p.p.
Poor communication	6.8%	8.8%	6.2%	(2.0) p.p.
Unreasonable demands	11.6%	47.1%	32.7%	N.A.
Disrespect	13.5%			N.A.
Shaming	31.2%			N.A.
Intimidation/retaliation	5.4%	12.6%	12.8%	(6.8) p.p.
Bullying	1.5%	3.1%	2.4%	(1.6) p.p.
Sexual harassment	1.9%	0.6%	1.1%	+ 1.3 p.p.
Discrimination	0.3%	0.8%	0.2%	(0.5) p.p.
Other	0.0%	1.4%	4.4%	(1.4) p.p.

The actions implemented in past years are as follow:

actions implemented	2020	2019	2018	change 2020 vs. 2019
Number of actions	514	510	457	+ 0.8%
Dismissal	65	42	55	+54.7%
Written warning	7	9	10	(22.2%)
Conduct adjustment notice	115	119	118	(3.3%)
Feedback registered	300	310	244	(3.2%)
Department transfer or reassignment within the same department	27	30	30	(10.0%)

natural resources

We work consistently to reduce the impact of our operations by continually improving the bank's environmental performance and the promoting sustainable practices. Our actions are focused on reducing consumption, increasing efficiency, using renewable sources, and managing waste and emissions.

investments to mitigate and prevent environmental impacts

investments (R\$)	2020	2019	2018	2017
Management: waste, emissions and liabilities	6,728,955.32	9,619,400.00	5,707,962.00	3,063,660.00
Conduct Adjustment Agreement	-	128,860.00	40,584.00	40,584.00
External certification of management systems ⁽¹⁾	1,078,308.13	1,094,989.00	35,809.00	41,720.00

(1) In 2017 and 2018, the values refer only to external certifications, in 2019 onwards it includes Certifications and the Environmental Management System.

electrical energy

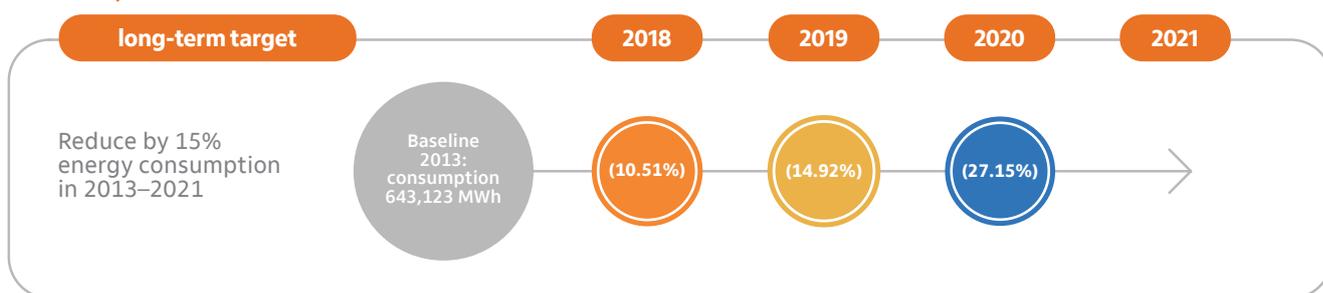
GRI 302-4 | GRI 302-1

We manage our electrical energy by focusing on actions aimed at reducing consumption and expanding the use of alternative renewable sources. In 2020, we reinforced our commitment to clean energy consumption by opting for Renewable Energy Certificates (REC) which confirm that 100% of the electricity consumed by the bank in Brazil comes from renewable sources, with zero emissions (using a market-based approach). Thus, in addition to reducing greenhouse gas (GHG) emissions, we promote the renewable energy market.

We completed the installation of new photovoltaic panels at the administrative headquarters, and maintained the distributed energy generation strategy through photovoltaic plants to supply a part of the branch network, which totals 7 MWp. In 2021, we will continue to expand this model.

We also expanded the automated energy management and control tools project to about 800 new branches.

targets and absolute consumption of electric energy – Brazil



short-term targets

	2018	2019	2020	2021
Target for the year (MWh)	579,875 ✓	566,743 ✓	541,999 ✓	516,939 ⁽¹⁾
Annual consumption (MWh)	575,507	547,140	468,518	
Change in annual consumption	+0.88%	(4.93%)	(14.37%)	

(1) We maintain the long-term targets set in the positive impact commitment, Responsible Management, and due to the effect of the pandemic in 2020 and 2021, we set annual targets for 2021.

targets and consumption of renewable energy – Brazil GRI 302-1

long-term target

Meet by 2021, 96% of energy for administrative buildings from renewable sources.

	2018	2019	2020	2021
Target for the year	-	94% ✓	95% ✓	96%
Percentage of consumption from renewable sources	36%	100%	100%	

Note: According to the Market based approach the purchase of Renewable Energy Certificates (RECs) proves that 100% of our energy comes from renewable sources. For this reason, consumption of renewable energy is equal to total consumption, so our Scope 2 emissions are zero.

100% of renewable energy in administrative buildings and branches, with zero emission factor under the market based approach.

 **find out more**
ESG Report > **electrical energy**

emissions management

GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-5

Our GHG emissions inventory follows the Brazilian GHG Protocol Program, and is checked by an independent third party and certified by the National Institute of Metrology, Quality and Technology (INMETRO), which has granted us Gold Seal recognition for the program. Results are disclosed every year through the Public Emissions Registry. Our inventory includes emissions of CO₂, N₂O, CH₄ and HFC in the calculation.

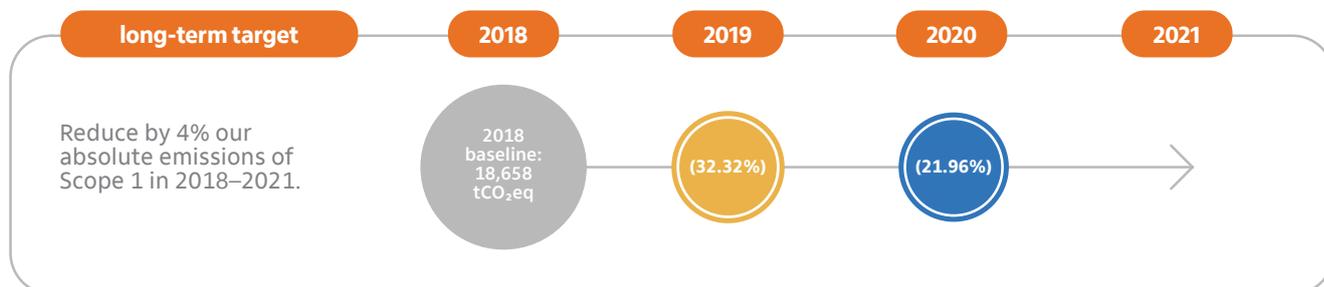
Our emissions management is aimed at reducing absolute emissions from our operations to an unavoidable minimum level, which can then be offset.

We invest in different projects that contribute to the reducing our Scope 1, 2 and 3 emissions. We also measure our financed and invested emissions to understand our direct impact and adopt mitigating measures.

To minimize the impact of our operations on the environment, we offset 100% of our Scope 1 and 2 emissions in 2019, through the **Commitment to Climate Program** [\[↗\]](#), where Scope 1 emissions from Brazil and LATAM (Argentina, Paraguay and Uruguay) were considered and Scope 2 emissions from Argentina, Paraguay and Uruguay were considered, since the Scope 2 emissions in Brazil were zeroed with the purchase of RECs (Renewable Energy Certificates). In 2018, as part of this partnership, we allowed other companies to offset their emissions with reduction projects previously assessed in a public call notice. In this way, we are promoting a carbon market, even though there are no regulations on this in Brazil. We also set an internal carbon price of R\$16.00/tCO₂eq, based on the average price paid.

It is worth noting that in 2019 we started offsetting emissions from our LATAM units (Uruguay, Paraguay and Argentina). In line with our commitment to increasing the consumption of electricity from renewable sources, last year's offsetting strategy was guided by the incentive to produce clean energy.

Scope 1: targets and absolute emissions – Brazil

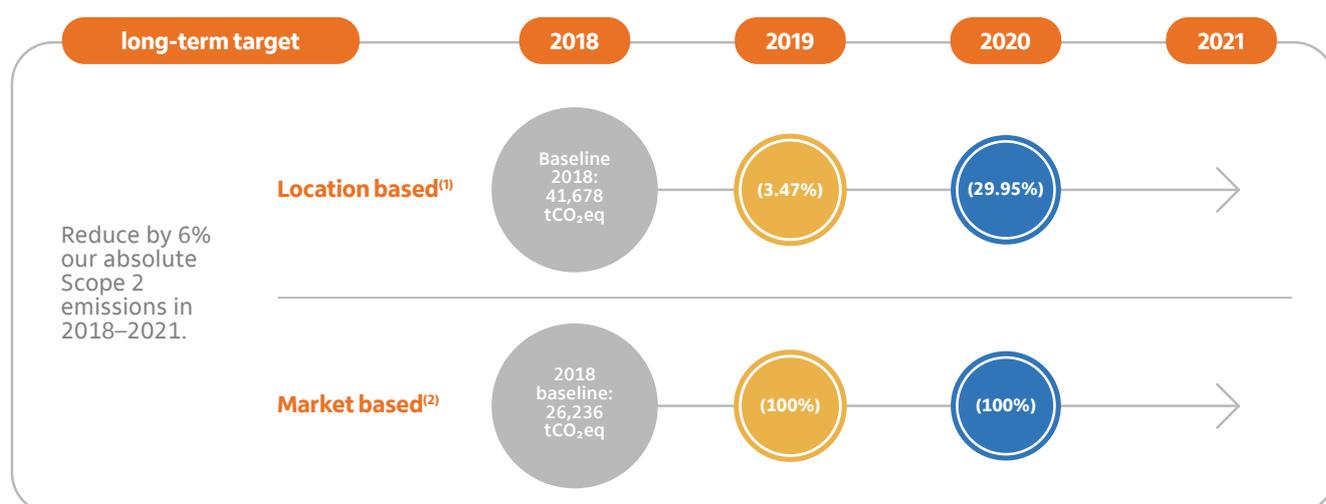


short-term targets	2018	2019	2020	2021
Target for the year (tCO ₂ eq)	-	18,359 ✓	18,059 ✓	12,564 ⁽¹⁾
Generation in the year (tCO ₂ eq)	18,659	12,628	14,561	
Change in generation by year	-	(32.32%)	15.30%	

(1) We maintain the long-term targets set in the positive impact commitment, Responsible Management, and due to the effect of the pandemic in 2020 and 2021, we set annual targets for 2021.

 **find out more**
ESG Report > **emissions management**

Scope 2: targets and absolute emissions – Brazil



short-term targets

	2018	2019	2020	2021
Location based⁽¹⁾				
Target for the year (tCO ₂ eq)	-	40,156 ❌	39,545 ✅	36,311 ⁽³⁾
Generation in the year (tCO ₂ eq)	41,678	40,232	29,196.15	
Change in generation by year	-	(3.47%)	(27.43%)	
Market based⁽²⁾				
Target for the year (tCO ₂ eq)	-	25,711 ✅	25,186 ✅	25,256 ⁽³⁾
Generation in the year (tCO ₂ eq)	26,236	0	0	
Change in generation by year	-	(100%)	0%	

(1) Location based is an approach that quantifies Scope 2 GHG emissions using as an emission factor the average emissions for electricity generation in a given electrical grid, taking into consideration its geographical boundaries and a given timeframe; (2) Market based is an approach that quantifies Scope 2 GHG emissions using the specific emission factor associated with each electricity generation source that the organization has chosen to purchase and consume, as for example the purchase of Renewable Energy Certificates (RECs), which certify that the energy consumed by the company comes from renewable sources; and (3) We maintain the long-term targets set in the positive impact commitment, Responsible Management, and due to the effect of the pandemic in 2020 and 2021, we set annual targets for 2021.



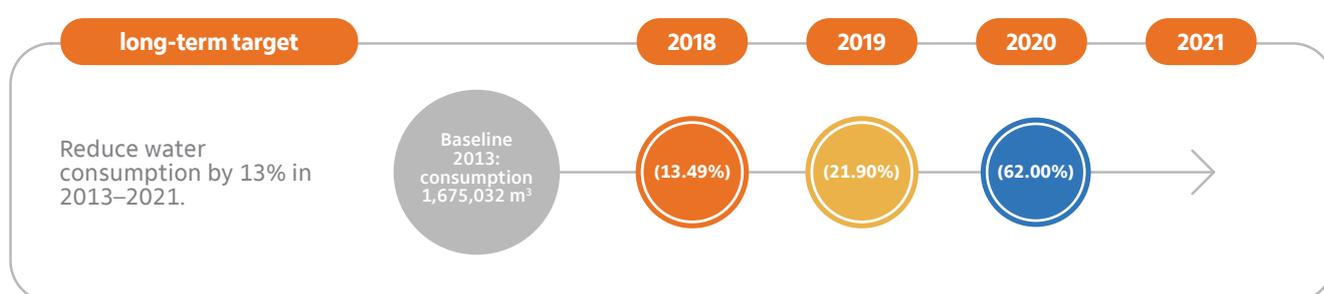
water

GRI 303-1 | GRI 303-3 | GRI 303-5

We are working conscientiously on our use of water resources to improve our environmental performance. The lines of action in water management are reducing water consumption, diversifying supply sources, and implementing water reclaiming processes. Even though the main source of supply is the public grid, we have initiatives to source water from artesian wells, storing and treating rainwater, and implementing waste water treatment plants to reclaim water, which we plan to expand in 2021.

These actions reduce our dependence on utilities and help maximize the use of alternative sources in administrative and technological hub. After treatment, reclaimed water is used in air-conditioning systems, toilets, and to clean outside areas.

targets and absolute consumption of water (utility and well) – Brazil



short-term targets	2018	2019	2020	2021
Target for the year (m ³)	1,460,999 ✓	1,460,999 ✓	1,297,793 ✓	857,240 ⁽¹⁾
Annual consumption (m ³)	1,449,038	1,308,143	635,828	
Change in annual consumption	+4.24%	(9.72%)	(51.40%)	

(1) We maintain the long-term targets set in the positive Impact commitment, Responsible Management, and due to the effect of the pandemic in 2020 and 2021, we set annual targets for 2021.

 **find out more**
ESG Report > **water**



risk and capital management

4D. Risks and opportunities; 4E. Strategy and resource allocation

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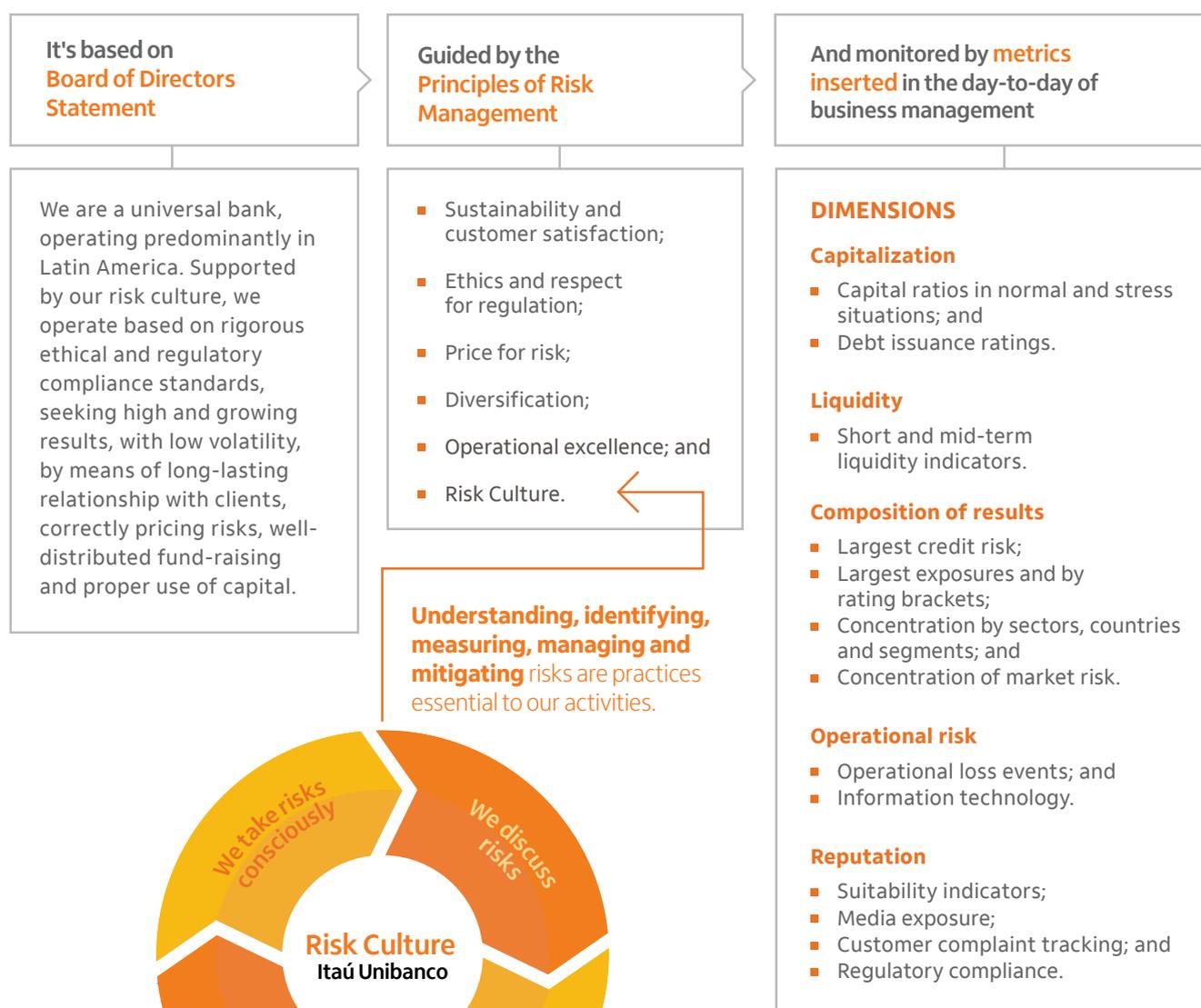
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risk culture and management

Undertaking and managing risks is essential to our business and a responsibility of all of our employees. For this reason, we must have well-established objectives and rules with respect to risk management.

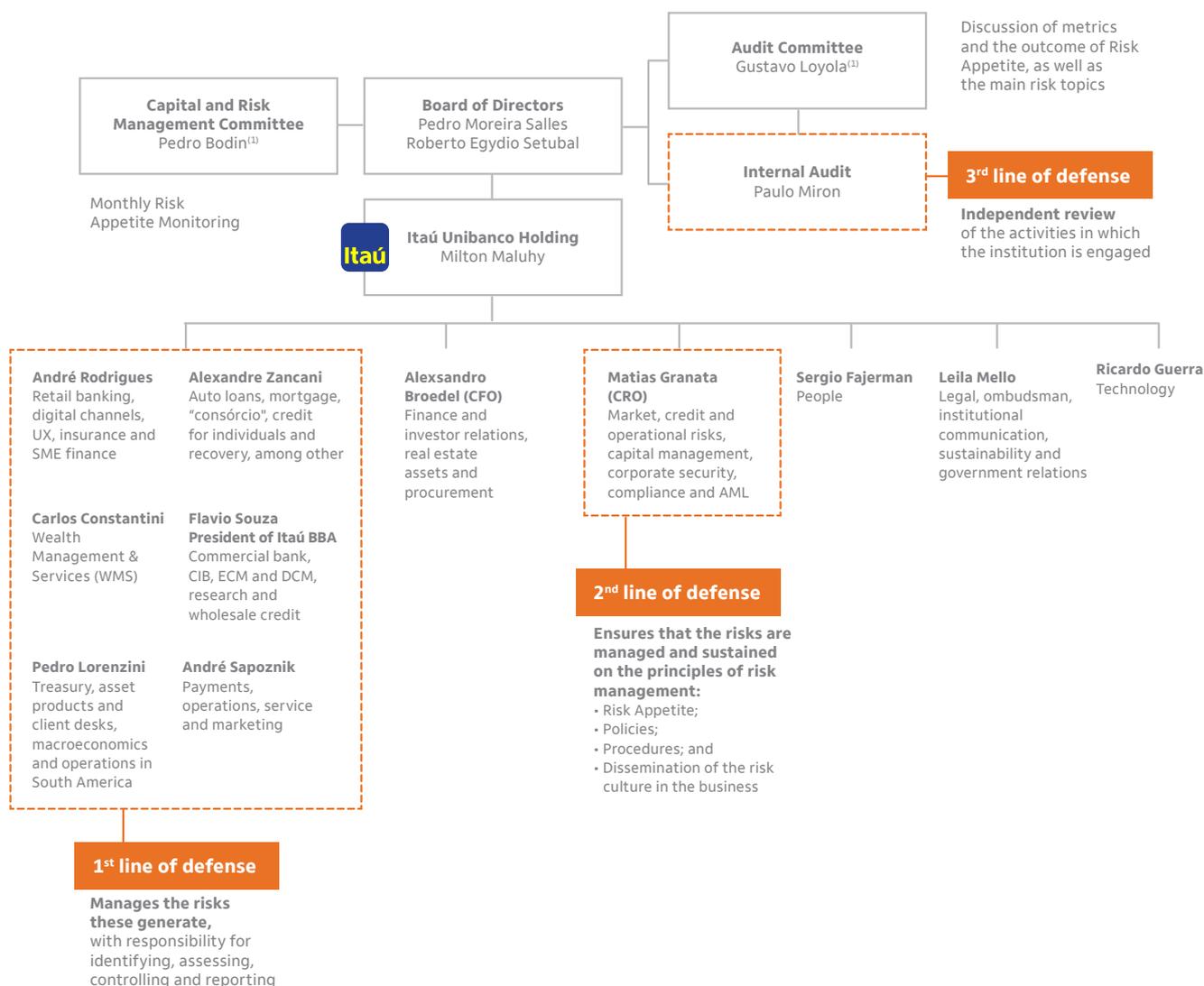
In this context, risk appetite determines the nature and the level of the risks that are acceptable to us and our culture of risks guides the necessary attitudes to manage them:

- Our Risk Culture is intended to be an umbrella for different risk-management related initiatives.
- Both our risk appetite and the initiatives included in the strategic risk management frontline are aimed at designing tools to enable implementation of our Risk Culture principles, namely: “We are all risk managers”, “We assume risks on an informed basis”, “We discuss our risks”, and “We act on our risks”.



how are we structured for managing risks?

Our risk management model is composed of with three lines of defense: the Business areas bear primary responsibility for risk management, followed by the Risks area and, lastly, the Audit area subordinated to the Board of Directors:



(1) Board of Directors independent members.

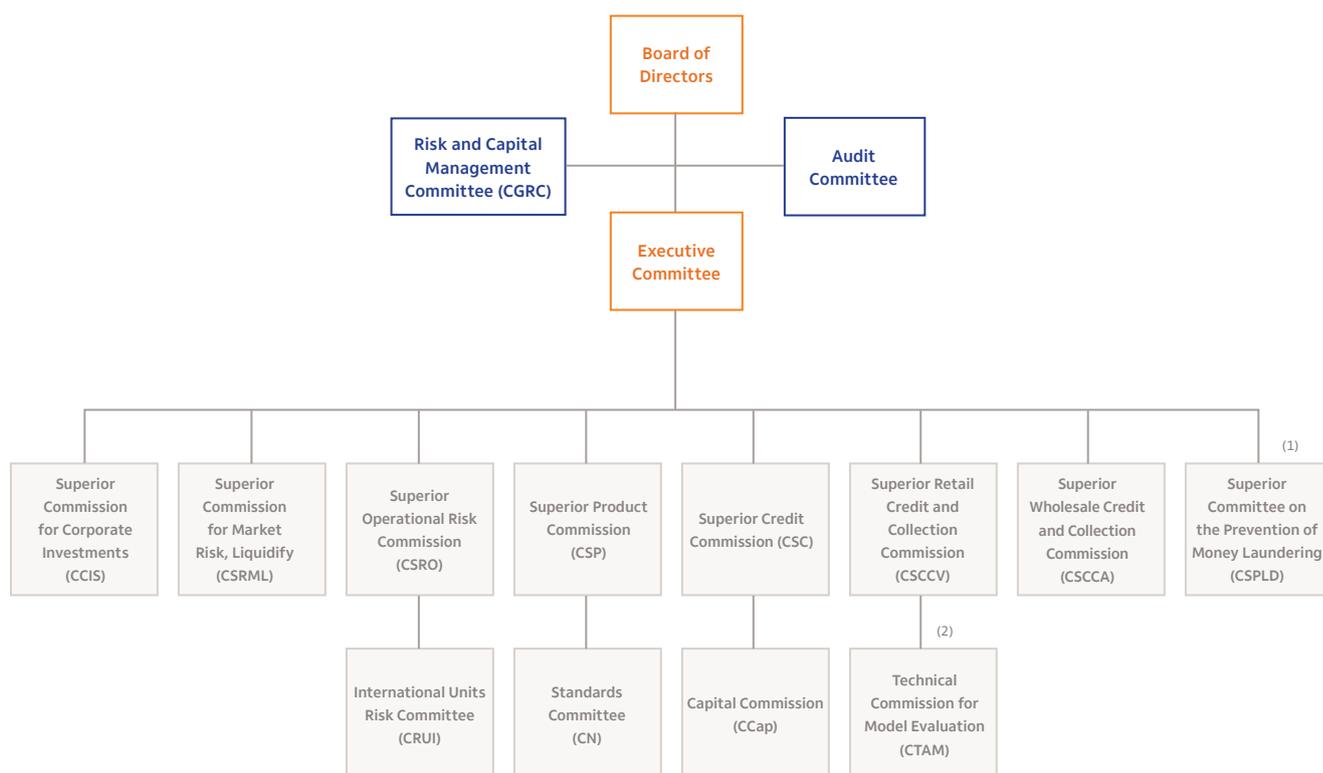
Our risk management organizational structure complies with Brazilian and applicable international regulations currently in place and is aligned with best market practices.

The Central Bank has adopted the same indicators set out by the Basel Committee to determine if Brazilian financial institutions qualify as G-SIFIs. This assessment is required of banks with total exposure

– the denominator for the leverage ratio – in excess of EUR200 billion, individually. However, no additional loss absorbency requirements for Brazilian G-SIFIs have been established. We were not included on the latest list of G-SIFIs issued on November 11, 2020, by the Financial Stability Board. The next update is expected in November 2021. [SASB FN-CB-550a.1](#) | [SASB FN-IB-550a.1](#)

find out more
Pillar 3 and Global Systemically Important Banks reports

main risk management committees



(1) Chaired by the CEO of Itaú Unibanco Holding; and (2) Chaired by Itaú Unibanco Holding Vice Presidente of Risk.

risk governance at foreign subsidiaries

Our foreign subsidiaries follow the risk management and governance model established by the holding in its policies and guidelines, keeping an effective flow of information on risk levels between headquarters and each subsidiary and alignment of strategies for maintaining such risks at an acceptable level.

To ensure the continuous improvement of the units in risk management and controls, a maturity program was established, comprising the definition and periodic assessment of best practices of risk management and controlling conducted in each location as also the supervision and governance activities performed by the holding.

The proximity in the monitoring of our units allows us to better understand the peculiarities of each country and region where we do business with and to quickly adapt

to changes in different regulatory, social, and economic environments where we operate, even in stress scenarios as observed with COVID-19 pandemic.

In this regard, there was an increase of volume and frequency of information shared between units and holding when related to customers and employees' safety and well-being preservation, the availability of banking channels, products and services, the regulatory changes instituted in different countries and their impacts in the units.

Finally, advances in actions to strengthen the Risk Culture on abroad subsidiaries have fostered individual and collective responsibilities of all our employees, empowering them to do the right thing, at the right time, and in the right way respecting the ethical and sustainable way of doing business.

summary of risk factors

An investment in our common shares is subject to a number of risks, including risks relating to the nature of our business as a holding company of banking, insurance and financial institutions, our operations in Brazil and our common shares. The following list summarizes some, but not all, of these risks.

risks relating to our businesses

- Changes in economic conditions may adversely affect us. Our operations are dependent upon the performance of the economies of the countries in which we do business, and Latin American countries in particular. Disruptions and volatility in the global financial markets may have significant consequences in the countries in which we operate, such as increasing volatility in the prices of securities, interest rates and foreign exchange rates. Higher uncertainty and volatility may result in a slowdown in the credit market and the economy, which, in turn, could lead to higher unemployment rates and a reduction in the purchasing power of consumers, which may adversely affect our business and results of operations.
- Changes in applicable laws or regulations may have a material adverse effect on our business. Changes in the laws or regulations applicable to financial institutions in Brazil, as well interpretations of laws by court and agencies, may affect our ability to grant loans and collect debts in arrears, which may have an adverse effect on us.
- Changes in the profile of our business may adversely affect our loan portfolio. In addition, the value of any collateral securing our loans may not be sufficient, and we may be unable to realize the full value of the collateral securing our loan portfolio. While the quality of our loan portfolio is associated with the default risk in the sectors in which we operate, changes in our business profile may occur due, among other factors, to our organic growth, merger and acquisition activity, changes in local economic and political conditions, a slowdown in customer demand, an increase in market competition, the outbreak of communicable diseases, such as COVID-19.
- We face risks relating to liquidity of our capital resources. Our capacity and cost of funding may be impacted by a number of factors, such as changes in market conditions (e.g., in interest rates), credit supply, regulatory changes, systemic shocks in the banking sector, and changes in the market's perception of us.
- We are exposed to failures, deficiency or inadequacy of our internal processes, human error or misconduct and cyberattacks. Additionally, we rely on third-party services. All these factors may adversely affect us. Due to the high volume of daily processing, we are dependent on technology and management of information, which expose us to eventual unavailability of systems and infrastructure such as power outages, interruption of telecommunication services, and generalized system failures, as well as internal and external events that may affect third parties with which we do business or that are crucial to our business activities and events resulting from wider political or social issues, such as cyberattacks or unauthorized disclosures of personal information in our possession. As a result of the COVID-19 pandemic, we have rapidly increased the number of employees working remotely. This may cause increases in the unavailability of our systems and infrastructure, interruption of telecommunication services, generalized system failures and heightened vulnerability to cyberattacks. Accordingly, our ability to conduct our business may be adversely impacted.
- Failure to protect personal information could adversely affect us. We manage and hold confidential personal information of clients in the ordinary course of our business. Although we have procedures and controls to safeguard personal information in our possession, unauthorized disclosures or security

breaches could subject us to legal action and administrative sanctions as well as damage that could materially and adversely affect our operating results, financial condition and prospects.

- Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us. We face various cybersecurity risks, including but not limited to: penetration of our information technology systems and platforms, by ill-intentioned third parties, infiltration of malware (such as computer viruses) into our systems, contamination (whether intentional or accidental) of our networks and systems by third parties with whom we exchange data, unauthorized access to confidential client and/or proprietary data by persons inside or outside of our organization, and cyber-attacks causing systems degradation or service unavailability that may result in business losses.
- The loss of senior management, or our ability to attract and maintain key personnel, could have a material adverse effect on us. Our ability to maintain our competitive position and implement our strategy depends on our senior management. The loss of some of the members of our senior management, or our inability to maintain and attract additional personnel, could have a material adverse effect on our operations and our ability to implement our strategy.
- Our business strategy may not provide us the results we expect. Our strategy and challenges are determined by management based on related assumptions, such as the future economic environment, and the regulatory, political and social scenarios in the regions in which we operate. These assumptions are subject to inaccuracies and risks that might not be identified or anticipated. Accordingly, the results and consequences arising from any possible inaccurate assumptions may compromise our capacity to fully or partially implement strategies, as well as to achieve the results and benefits expected therefrom, which might give rise to financial losses and reduce the value creation to our stockholders.
- Unfavorable court decisions involving material amounts for which we have no or partial provisions

or in the event that the losses estimated turn out to be significantly higher than the provisions made, may adversely affect our results and financial condition. As part of the ordinary course of our business, we are subject to, and party to various civil, tax and labor lawsuits, which involve financial risks. It is currently not possible to estimate the amount of all potential costs that we may incur or penalties that may be imposed on us other than those amounts for which we have reserves. In the event of unfavorable court decisions involving material amounts for which we have no or partial provisions, or in the event that the losses estimated turn out to be significantly higher than the provisions made, the aggregate cost of unfavorable decisions, may adversely affect our results and financial condition.

- We make estimates and assumptions in connection with the preparation of our financial statements, and any changes to those estimates and assumptions could have a material adverse effect on our operating results. These estimates and assumptions are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, our reported operating results could be materially and adversely affected.
- We face risks associated with the increasingly competitive environment, and recent consolidations in the Brazilian banking industry, as well as competition based on technological alternatives to traditional banking services. Competition has increased as a result of recent consolidations among financial institutions in Brazil and of regulations that (i) increase the ability of clients to switch business between financial institutions, (ii) with the client's permission, grant access to financial and personal information in such institutions, and (iii) establish rules for an instant payment system.

risks relating to Brazil

- We may incur financial losses and damages to our reputation from environmental and social risks. Environmental and social risk is considered a material issue for our business, since it can affect the creation of shared value in the short, medium and long-terms, from the standpoint of our organization and our main stakeholders, especially in the case of serious environmental and social incidents, including Climate Risk. Climate risks encompass both physical risks, arising from changes in climate patterns such as rainfalls and temperature rise and extreme weather events; and transition risks arising from economic shifts occurred as a consequence of climate action such as carbon pricing, climate regulation, market risks and reputation risks. Given its relevance, climate risk has become one of our main priorities.
- Brazilian authorities exercise influence over the Brazilian economy. Our operations are highly dependent upon the performance of the Brazilian economy. The demand for credit and financial services, as well as our clients' ability to make payments when due, is directly impacted by macroeconomic variables, such as economic growth, income, unemployment, inflation, and fluctuations in interest and foreign exchange rates. Changes in fiscal, monetary and foreign exchange policies as well as a deterioration of government fiscal accounts, may adversely affect us.
- The ongoing COVID-19 pandemic, government measures to contain the virus and macroeconomic effects are adversely affecting our business and results of operations. The COVID-19 pandemic and governmental responses thereto have had, and may continue to have, a severe impact on global and Brazilian macro-economic and financial conditions, including the disruption of supply chains and the closures or interruptions of many businesses, leading to losses of revenues, increased unemployment and economic stagnation and contraction.

environmental and social risk

We define environmental and social risk as the probability of losses arising from exposure to environmental or social events related to the activities developed by the Company. Since this risk always has significant crossover with the other types of risk, it must be managed in an integrated and cross-cutting manner.

At Itaú, we have a Sustainability and Environmental and Social Responsibility Policy (PRSA) that sets out our environmental and social management guidelines based on institutional issues, addressing the most relevant risks to our operations through specific procedures.

Our management structure has three lines of defense against risk: the first (front office) manages risk as part of its daily activities, following the guidelines of the PRSA, manuals and specific procedures. The second line comprises the Credit Risk, Internal Control and Compliance departments. The Compliance Department operates through the Corporate Environmental and Social Risk Management department, which was reinforced in 2020 and contributed to strengthening the governance of this risk to assist and oversee the activities of the first line. Meanwhile, the third line of defense, represented by the Internal Audit department, carries out an independent assessment of risk management, controls and governance. [SASB FN-CB-410a.2](#)

In 2020, we carried out a strategic review of our environmental and social governance to integrate the management of this risk into a cross-cutting and unified model, based on the level of reputational risk, in accordance with the fundamentals of the organization's risk appetite. [SASB FN-CB-410a.2](#)

Sustainability and Environmental and Social Responsibility Policy

GRI G4-DMA Product portfolio (former FS1) | SASB FN-CB-410a.2

Our Sustainability and Environmental and Social Responsibility Policy (PRSA) has specific procedures for each business line, covering the most significant risks. There are specific criteria that must be met to maintain relationships with clients and suppliers. Accordingly, we understand that the use of forced or compulsory or child labor and the exploration of prostitution are practices that are contrary to our values, and are therefore excluded from our portfolio. Throughout 2020, 50 clients were blocked due to their involvement in some of these activities. GRI 408-1 | GRI 409-1

In order to measure the quality of the processes and monitor the exposure to environmental and social risk, the departments are closely monitored through internal controls and audit. These controls include an assessment of the adequacy of environmental and social risk manuals and procedures, and the findings from this work are reported periodically to the proper forums.

GRI G4-DMA Audit (former FS9) | GRI G4-DMA Product portfolio (former FS3)

environmental and social risk management in credit approval

The environmental and social topic is included in the granting of credit by means of a risk management system that includes, in addition to local specifics, the best international practices, such as the Equator Principles⁽¹⁾ (EP) for project finance. We also take into consideration the development of this topic in reputational, legal and regulatory risks.

Taking into consideration our extensive operations in the financial markets, we chose to develop analysis criteria essentially focused on large companies operating in more sensitive sectors from an environmental and social standpoint, including agricultural producer, clients, products and operations aimed at activities with a greater environmental and social impact potential.

Our analyses are considered not only in credit granting and financing release decisions, but also in the design and structuring of products and contractual and pricing conditions.

In 2020, around 26% of the clients of the wholesale credit portfolio were subject to an environmental and social analysis for relationship purposes, or for project-related operations. Because we are a financial institution, all our direct and indirect activities have an impact for our stakeholders. Therefore, determining capital allocations and supporting our clients with sustainable investment solutions that generate financial returns and benefits for society are an essential part of our operations.

credit approval criteria

GRI G4-DMA Product portfolio (former FS1 | FS2 | FS3 | FS4)

After verifying that a client is on our list of excluded activities, they are subjected to analyses using additional environmental and social criteria based on the requirements that are specific to their industry and segment, guarantee structure proposed for each operation and type of product, as explained in the topics below. These analyses are carried out by the Business Environmental and Social Risk team.

The environmental and social risks of clients in the Large Corporations segment are rated high, medium or low, which directly affects their risk ratings. This ranking takes into consideration sustainability parameters such as energy and water consumption, liquid effluent discharge, solid waste disposal, air emissions, and occupational health and safety risks for employees. Management criteria that can mitigate the impacts of various industries, such as certifications and/or rankings in sustainability indexes are also taken into consideration.

(1) The cutoff criteria set by the Equator Principles are available on the website [equator-principles.com](https://www.equator-principles.com).

sensitive sectors

Sensitive sectors include those that represent significant environmental and social risk, and which therefore, in addition to being rated, require individualized environmental and social assessments. This additional assessment is carried out at the time of credit approval and renewal by senior management levels and the evolution of their environmental and social practices is regularly monitored.

To that effect, we apply a methodology that is capable of distinguishing and quantifying the impact of environmental and social aspects in the financial performance of clients, such as litigation arising from environmental accidents and costs associated with the transition to a cleaner economy in the financial performance of these clients, in accordance with the drivers below.

environmental and social risk assessment drivers



find out more

ESG Report > [environmental and social risk management in credit approval](#)

corporate behaviour

anti-corruption

SASB FN-CB-510a.2

Whereas Brazilian legislation considers corruption as misconduct on the part of public and private officials only, our definition of corruption not only covers misconduct by public and private officials, but also involving private officials, based on global anti-corruption best practice.

Itaú Unibanco's Anti-Corruption Policy strengthens its commitment to cooperating proactively with local and foreign initiatives to fight corruption in all its forms.

In Brazil and abroad, to all managers and employees of Itaú Unibanco Holding S.A., also including any interaction that the conglomerate maintains with customers, partners, suppliers and other stakeholders.

Based on local and foreign legislation (Brazil's Federal Law No. 12,846/2013, the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act, among others), case law and global market information, we identify countries with higher corruption risk. In the countries in which we operate, we have processes and controls over our relationships with clients, public sector and third parties according to the specific regulations and particularities of each jurisdiction.

We adopt some awareness and monitoring tools to prevent corruption, as follows:

Our anti-corruption policies and procedures were communicated to 100% of our employees in 2020, including supervisors and members of governance bodies, as well as our suppliers.

Our employees receive training on our corruption prevention policies, procedures and practices. Members of governance bodies receive anti-money laundering training (addressing preceding offenses, such as corruption). In 2020, 100% of the members of the Board of Directors attended this training. GRI 205-2

In 2020, two complaints about suspected corruption involving private officials were reported and, following internal investigation, were found to be legitimate, leading to the dismissal of two employees and the termination of the contracts with two suppliers. Our investigations have found no involvement of our employees in corruption cases with public officials, which may fall into the scope of the Anti-Corruption Act or Clean Company Act. GRI 205-3

Anti-Corruption Law SASB FN-CB-510a.2

In January 2014 the Brazilian Anti-Corruption Law (No. 12,846/2013) came into force, giving legal entities strict liability (regardless of fault or negligence) if they are found to be involved in any form of corruption. Although it is known as the Anti-Corruption Law, it also covers other wrongdoing against any foreign or Brazilian public administration, such as bid rigging or obstruction of justice.

This law provides for stringent penalties through administrative and judicial proceedings, including the dissolution of the company, being barred from accessing financing from public bodies and participating in public tenders. Furthermore, this law authorizes public administrative authorities responsible for investigations entering into leniency agreements.

Disclosure by the infringing parties themselves of any violations committed, and their cooperation with investigations, may lead to reduced fines and other sanctions, as set forth by Decree No. 8,420/2015. This new regulation provides parameters for the enforcement of the Anti-Corruption Law, inclusive of penalties and compliance programs.

legal compliance – donations to political parties

In conformity with Law No. 9,504/1997, as amended by the Electoral Reform Law (Law No. 13,165/2015), our internal donations policy bars any type of: (i) donations made directly to public officials, bodies or entities of the government, or to direct or collateral relatives or relatives by affinity of public officials, up to the second degree, for the purpose of influencing decisions in which we have an interest; and (ii) electoral donations or donations to political candidates and parties. Therefore, in accordance with the Brazilian laws and regulations, in 2020 we made no donations of funds to political parties or candidates for use in the elections. [GRI 415-1](#)

information leakage prevention and client privacy management

Brazilian General Personal Data Protection Act (LGPD)

Our clients' privacy and the use of personal data in an ethical and responsible manner are priorities for us, and are widely discussed within the organization. Therefore, we have spared no efforts to comply with the Brazilian General Personal Data Protection Act (LGPD), or Law No. 13,709/2018, which came into effect in September 2020. The LGPD sets out the scenarios in which personal data can be handled, either by physical or digital means, and protects the holders of data from improper use. Additionally, it requires that the way companies handle personal data is based on the law.

The bank's compliance with the LGPD has been carried out through its Privacy Program, which, from the time of approval of the draft bill in 2018 to its entry into force in 2020, has involved a series of activities focused on its requirements and market best practice.

Developing this culture includes a series of processes, including the setting and constant improvement of guidelines, enhancing internal controls, preparing a response plan for security incidents, and recording and assessing personal data handling. The latter operates as an input for risks and reporting assessments.

All data privacy and safety actions adopted have resulted in high customer reliability, evidenced by the low number of calls regarding client privacy issues compared to the total number of clients. [GRI 418-1](#)

information security and data protection

[GRI 418-1](#) | [SASB FN-CB-230a.2](#)

Our Information Security department contributes to the security pillar, which is focused on handling information and data. The purpose of this department is to safeguard the Company's and clients' data and preserve the integrity, availability and confidentiality of information, thus mitigating financial losses and the risk to our image.

The bank's cyber information security strategy is designed to prevent breaches of data security, to minimize the risks of service unavailability, to protect the integrity of information, as well as to prevent its leakage. Our strategy is based on strict controls aimed at detecting, preventing, continuously monitoring and immediately responding to attacks and attempts to breach our infrastructure, thus ensuring that security risk is managed and a sound foundation can be built for an increasingly digital future.

The bank's cybersecurity information strategy is approved by the Board of Directors and monitored by the Audit Committee. Both receive periodic updates on the evolution of the cybersecurity environment.



find out more

ESG Report > [anti-money laundering and combating the financing of terrorism](#) and [privacy policy](#)

Every year, in compliance with Resolution No. 4,658/2018 of the National Monetary Council (CMN) and Circular No. 3,909/2018 of the Central Bank of Brazil, a Cybersecurity Policy and Incident Response Plan report is submitted to the Risk Committee and the Board of Directors, and made available to the Central Bank. The list below discloses the main forums where the strategy is presented.

We work together with the Business and Technology departments to ensure that solutions and product architecture comply with the highest degree of safety, following world digital market trends, and we have a dedicated group that works closely with our foreign units. To do this, we use a strategy of protecting an expanded perimeter. Based on this concept, information must be protected regardless of where it is located: within the bank's infrastructure, in a cloud service, with another service provider or at a foreign unit.

This strategy also covers the entire information lifecycle, from collection to processing, transmission, storage, analysis and destruction.

Service providers engaged by us are classified based on a number of criteria, including the type of information to which they will have access, their size and the type of services provided. Depending on the classification, the requirements for the protection of suppliers' infrastructure will range from providing security recommendations to performing on-site validation of the controls stated by the service provider, in addition to monitoring the possible corrections and improvements it has implemented, whenever required. For those classified as most critical, we perform monthly scans of the provider's general work environment and monitor the corrections made to remedy any vulnerabilities identified. Contracts entered into by and between the organization and the service providers include confidentiality and privacy clauses that must be followed by the service provider.

In 2020, we continued to improve the security control environment, considering the implementation of new protection layers for the technology infrastructure, and system development processes.

We have also enhanced our monitoring processes, and are now able to identify and carry out increasingly effective preventive actions that are consistent with the evolution of the cyber threat environment. We have implemented data discovery tools to strengthen the data protection process.

In 2021, we will continue to make investments to protect the organization's critical environments and to improve the technology infrastructure by adopting a reference architecture for self-adaptive systems, and extending our protection to foreign units, partners and service providers. We will continue to make headway in the early detection of external threats, information leakage protection and employee training and technical qualifications.

In line with the digital transformation strategy, we will continue to strengthen our security to allow for agile business by intensifying the use of cloud services. Furthermore, investments in the safe development of systems will continue to be prioritized, with a focus on continuous improvements to reflect an increasingly digital environment. To ensure that everything goes according to plan, we have carried out independent testing in partnership with the world's best and most reliable cybersecurity companies.

Itaú Unibanco adopts major market frameworks as the basis for ensuring that our processes are able to mitigate risks. Our main processes have been certified by an independent entity according to Brazilian Standard NBR ISO/IEC 27,001, assessing the following: our Information Security Management System (ISMS) applied to information security governance; information security risk, the Security Operations Center (SOC), the handling of information security incidents, information security architecture, vulnerabilities in the computing environment, and logical access management.

legal proceedings

SASB FN-CB-510a.1

We are not defendants in any significant administrative proceeding before the CVM, SUSEP, the Central Bank or any municipalities. As part of the ordinary course of our business, we are party to various legal and administrative proceedings (including consumer complaints) filed against us with SUSEP, certain municipalities or the Central Bank.

Our audited consolidated financial statements only include reserves for probable losses that can be reasonably estimated and expenses that we may incur in connection with pending litigation or administrative proceedings, or as otherwise required by Brazilian law. Our management believes that our provisions, including interest, for legal proceedings in which we are defendants are sufficient to cover probable losses that can be reasonably estimated in the event of unfavorable court decisions. It is currently not possible to estimate the amount of all potential costs that we may incur or penalties that may be imposed on us other than those amounts for which we have reserves.

We believe that any potential liabilities related to these lawsuits and administrative proceedings will not have a material adverse effect on our business, financial condition or results. There are no material proceedings in which any of our directors, any member of our senior management or any of our affiliates is either a party adverse to us or to our subsidiaries or has a material interest adverse to us or our subsidiaries.

Please see "Note 2.3 – Critical Accounting Estimates and Judgments, j) Provisions, Contingencies and Other Commitments" to our audited consolidated financial statements for further information and details about the changes in the provisions and respective escrow deposits for tax and social security lawsuits and main types of tax disputes.

The following table sets forth our provisions for such contingencies as of December 31, 2020, 2019 and 2018:

provision (in millions of R\$)	12/31/2020	12/31/2019	12/31/2018
Civil	3,511	3,634	4,426
Labor	8,015	8,579	6,821
Tax proceedings and legal obligations	6,810	8,266	6,793
Other	1,483	976	573
Total	19,819	21,454	18,613

anti-competitive behaviour GRI 206-1

Together with Citibank, CADE (the Brazilian antitrust agency), and Bacen, we were cited in a class action filed in August 2019 for alleged nullity of the administrative acts that approved Itaú Unibanco's acquisition of Citi's operations. The lawsuit has been contested and it has not yet reached a first-degree sentence. [GRI 206-1](#)

Including public interest civil actions involving marketing communications, we had no unfavorable judgements in 2020. [GRI 417-3](#)



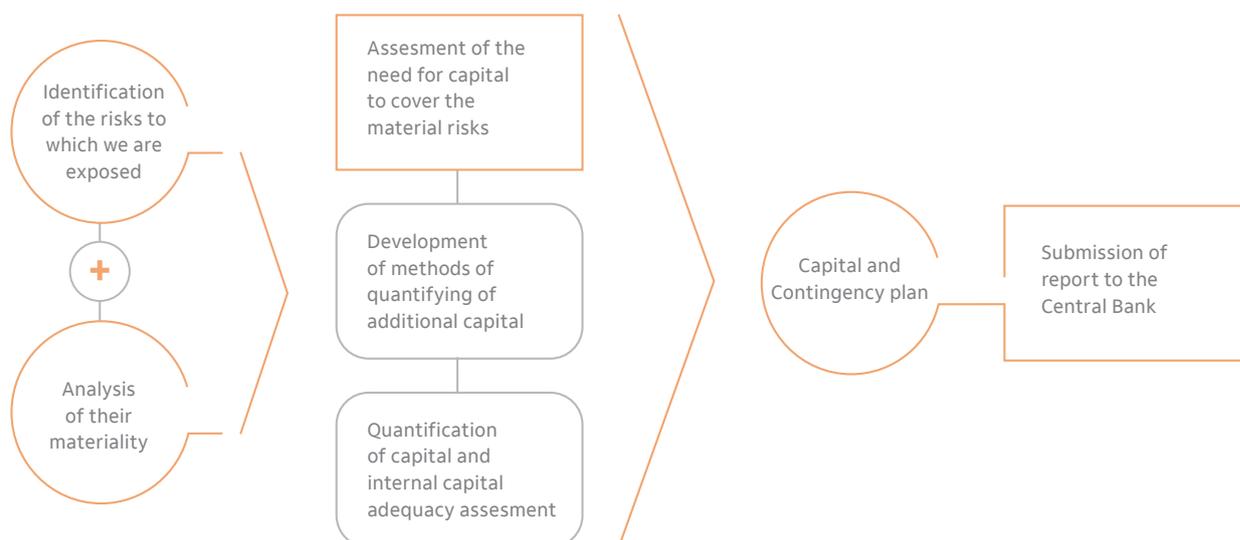
find out more

[Corporate Information Security and Cybersecurity Policy](#) and [Consolidated Financial Statements > Note 23. "General and administrative expenses"](#)

capital management

Our Board of Directors is the main body responsible for our capital management, and for approving our capital management policies and guidelines regarding our capitalization level. It is also responsible for approving the ICAAP (Internal Capital Adequacy Assessment Process) report, a process which is intended to assess our capital adequacy. At the executive level, corporate bodies are responsible for approving risk assessment and capital calculation methodologies, as well as reviewing, monitoring and recommending capital-related documents and topics to the Board of Directors.

annual assesment of capital adequacy



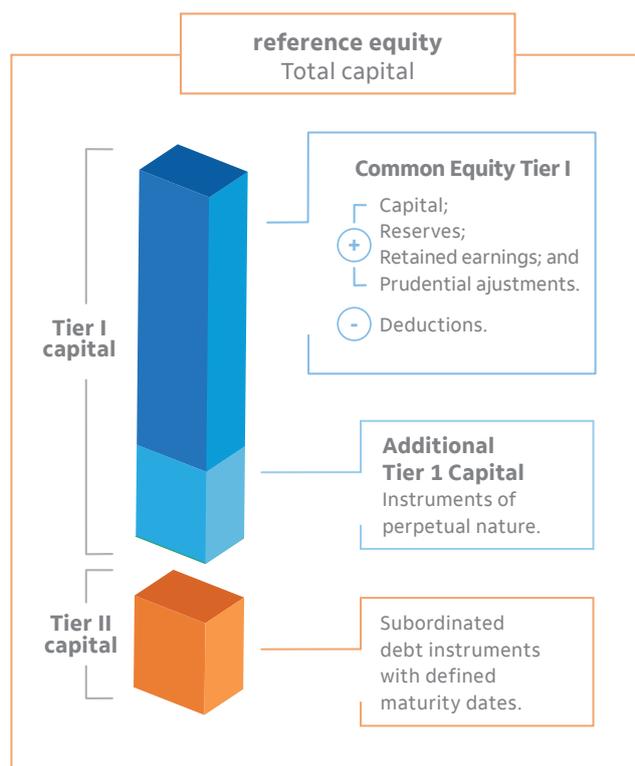
In compliance with CMN and Central Bank regulations, we have implemented a capital management structure and ICAAP, taking a prospective stance in relation to capital management.

In addition, we have a Recovery Plan, which is a report that aims at defining how to reestablish adequate levels of capital and liquidity in response to stress situations.

requirements and capital composition

Our minimum capital requirements are expressed as ratios of the capital available, or the Total Capital, and the risk-weighted assets, or RWA. These ratios follow the set of resolutions and circulars disclosed by the Central Bank that implemented, in Brazil, the global capital requirement standards known as Basel III.

The Total Capital is the sum of three items, as shown below:



For purposes of calculating these minimum capital requirements, the total RWA is determined as the sum of the risk-weighted asset amounts for credit, market and operational risks.

The minimum Total Capital ratio required is 8.0% as from January 1st, 2019.

The Central Bank rules call for Additional Capital Buffers, or ACP, corresponding to the sum of the components $ACP_{Conservation}$, $ACP_{Countercyclical}$ and $ACP_{Systemic}$, which, in conjunction with the requirements mentioned, increase capital requirements over time, as provided for CMN Resolution No. 4,193 of March 1st, 2013 as amended (CMN Resolution No. 4,193). The amount of each component and the minimum regulatory requirements are provided for in CMN Resolution No. 4,193, as amended.

According to CMN Resolution No. 4,193, for assessing the minimum capital requirements, the RWA must be calculated by adding the following portions:

- RWA_{CPAD} – Credit risk: calculated using standardized approach;
- RWA_{MINT} – Market risk: made up of the maximum between the internal model and 80% of the standardized model; and
- RWA_{OPAD} – Operational risk: calculated using standardized approach.

capital adequacy

Through our ICAAP, we assess the adequacy of our capital to face the risks to which we are subject. For ICAAP, capital is composed of regulatory capital for credit, market and operational risks, and by the necessary capital to cover other risks.

In order to ensure our capital soundness and availability to support business growth, we maintain capital levels above the minimum requirements, according to the Common Equity Tier I, Additional Tier I Capital, and Tier II minimum ratios.

	As of December 31,	
	2020	2019
(In R\$ millions, except percentages)		
Available capital (amounts)		
Common Equity Tier I (CET 1)	119,960	117,328
Tier I	137,157	128,696
Total capital	151,244	140,596
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	1.042,207	891,300
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier I ratio (%)	11.5%	13.2%
Tier I ratio (%)	13.2%	14.4%
Total capital ratio (%)	14.5%	15.8%
Additional CET 1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (%) ⁽¹⁾	1.25%	2.5%
Countercyclical buffer requirement (%)	0.0%	0.0%
Bank G-SIB and/or D-SIB additional requirements (%)	1.0%	1.0%
Total of bank CET1 specific buffer requirements (%)	2.25%	3.5%

(1) For purposes of calculating the Conservation capital buffer, BACEN Resolution 4,783 establishes, for defined periods, percentages to be applied to the RWA value with a gradual increase until April/22, when it reaches 2.5%.

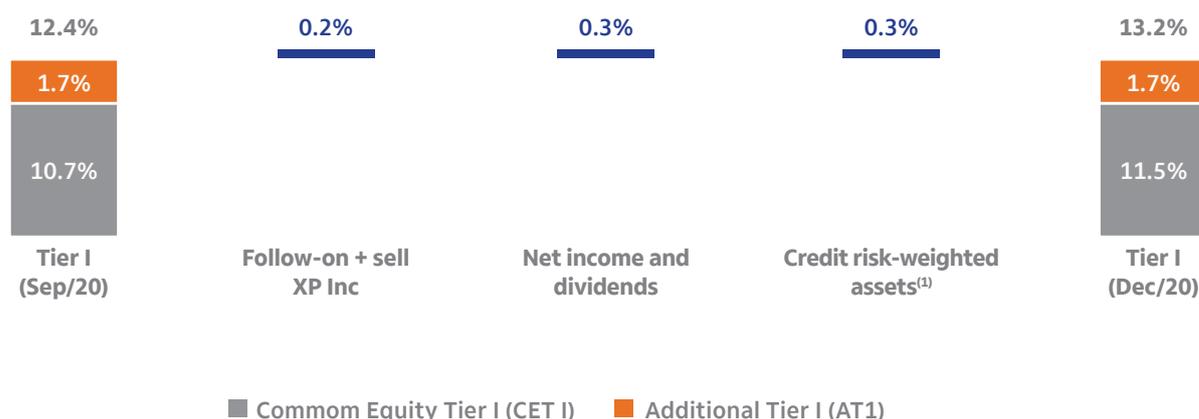
Our Total Capital, Tier I Capital and Common Equity Tier I Capital ratios are calculated on a consolidated basis, applied to institutions included in our Prudential Conglomerate which comprises not only financial institutions but also consortia (consórcios), payment entities, factoring companies or companies that directly or indirectly assume credit risk, and investment funds in which our Itaú Unibanco Group retains substantially all risks and rewards.

As of December 31, 2020, our Total Capital reached R\$151,244 million, an increase of R\$10,648 million compared to December 31, 2019. Our Basel Ratio (calculated as the ratio between our Total Capital and the total amount of RWA) reached 14.5%, as of December 31, 2020, a decrease of 130 basis points

compared to 15.8% as of December 31, 2019, mainly due to the foreign exchange rate impact, the provision of interest on capital, dividends referring to fiscal year 2019, and increase in risk weighted assets, partially offset by net income in the period and the issuance of Tier I and Tier II debts.

Additionally, the Fixed Assets Ratio (Índice de Imobilização) indicates the level of total capital committed to adjusted permanent assets. Itaú Unibanco Holding is within the maximum limit of 50% of the adjusted total capital, as established by the Central Bank. On December 31, 2020, our Fixed Assets Ratio reached 24.0%, which presents a buffer of R\$39,274 million.

capital ratios



(1) Includes tax credits of investments abroad.

Our Tier I ratio increased 80 basis points in relation to September 30, 2020 mainly due to net income in the period, including the result from the sale of shares issued by XP Inc. owned by us and the decrease in credit risk weighted assets.

liquidity ratios

The Basel III Framework introduced global liquidity standards, providing for minimum liquidity requirements and aims to ensure that banks can rely on their own sources of liquidity, leaving central banks as a lender of last resort. Basel III provides for two liquidity ratios to ensure that financial institutions have sufficient liquidity to meet their short-term and long-term obligations: (i) the Liquidity Coverage Ratio, or LCR, and (ii) the Net Stable Funding Ratio, or NSFR. We believe that the LCR and NSFR provide more relevant information than an analysis of summarized cash flows.

We present as follows a discussion of our LCR for the three-month period ended December 31, 2020 and our NSFR as of December 31, 2020.

Liquidity Coverage Ratio (LCR)

The LCR measures the short-term resistance of a bank's liquidity risk profile. It is the ratio of the stock of high-quality liquid assets to expected net cash outflows over the next 30 days, assuming a scenario of idiosyncratic or systemic liquidity stress.

We calculate our LCR according to the methodology established in Central Bank Circular No. 3,749/2015. We measure our total high liquidity assets for the end of each period to cash outflows and inflows as the daily average value for each period. Pursuant to Central Bank regulations, effective as of January 1st, 2019, the minimum LCR is 100%.



find out more

Consolidated Financial Statements > Note 32. "Risk and Capital Management"

Liquidity Coverage Ratio (LCR)	As of December 31,	
	2020	2019
	Total weighted value (average)	
	(In millions of R\$)	
Total High Liquidity Assets (HQLA) ⁽¹⁾	343,174	170,004
Cash outflows ⁽²⁾	309,652	225,349
Cash inflows ⁽³⁾	133,297	111,313
Total net cash outflows	176,355	114,035
LCR (%)	194.6%	149.1%

(1) High Quality Liquidity Assets correspond to inventories, in some cases weighted by a discount factor, of assets that remain liquid in the market even in periods of stress, that can easily be converted into cash and that are classified as low risk; (2) Outflows: total potential cash outflows for a 30-day horizon, calculated for a standard stress scenario as defined by BACEN Circular No. 3,749; and (3) Inflows: total potential cash inflows for a 30-day horizon, calculated for a standard stress scenario as defined by BACEN Circular No. 3,749.

Our average LCR as of December 31, 2020 was 194.6% and, accordingly, above Central Bank requirements.

Net Stable Funding Ratio (NSFR)

The NSFR measures long-term liquidity risk. It is the ratio of available stable funding to required stable funding over a one-year time period, assuming a stressed scenario.

We calculate our NSFR according to the methodology established in Central Bank Circular No. 3,869/2017. The

NSFR corresponds to the ratio of our available stable funds (ASF) for the end of each period to our required stable funds (RSF) for the end of each period.

Pursuant to Central Bank regulations, effective as of October 1st, 2018, the minimum NSFR is 100%.

Net Stable Funding Ratio (NSFR)	As of December 31,	
	2020	2019
	Total adjusted value	
	(In millions of R\$)	
Total Available Stable Funding (ASF) ⁽¹⁾	956,033	733,242
Total Required Stable Funding (RSF) ⁽²⁾	758,907	599,963
NSFR (%)	126.0%	122.2%

(1) ASF: refers to liabilities and equity weighted by a discount factor according to their stability, pursuant to Central Bank Circular No. 3,869/2017; and (2) RSF: refers to assets and off-balance exposures weighted by a discount factor to their necessity, pursuant to Central Bank Circular No. 3,869/2017.

As of December 31, 2020, our ASF totaled R\$956.0 billion, mainly due to capital and Retail Banking and Wholesale Banking funding, and our RSF totaled R\$758.9 billion, particularly due to loans and financing with Wholesale Banking and Retail Banking customers, central governments and transactions with central banks.

As of December 31, 2020, our NSFR was 126.0% and, accordingly, above Central Bank requirements.

liquidity and capital resources

Our Board of Directors determines our policy regarding liquidity risk management and establishes broad quantitative liquidity risk management limits in line with our risk appetite. The CSRML (Comitê Superior de Risco de Mercado e Liquidez), composed of members of Senior Management, is responsible for strategic liquidity risk management in line with the board-approved liquidity risk framework and risk appetite. In establishing our guidelines, the CSRML considers the liquidity implications of each market segment and product. Our institutional treasury unit is responsible for the day-to-day management of the Itaú Unibanco Group's liquidity profile, within the parameters set by our Board of Directors and the CSRML. This includes an oversight responsibility with respect to all business units operating outside of Brazil.

We maintain separate liquidity pools at our Brazilian operations and at each of our subsidiaries outside of Brazil. Our Brazilian operations include financial institutions in Brazil and the entities used by the Brazilian operations for funding and serving their clients abroad. Each of our subsidiary has its own treasury function with appropriate autonomy to manage liquidity according

to local needs and regulations, while remaining in compliance with the liquidity limits established by our Senior Management. In general, there are rarely liquidity transfers between subsidiaries or between the head office and a subsidiary, except under very specific circumstances (e.g., targeted capital increases).

CMN regulations establish capital conservation and countercyclical buffers for Brazilian financial institutions such as ourselves, and determines their minimum percentages as well as which sanctions and limitations will apply in case of non-compliance with such additional requirements.

We define our consolidated group operational liquidity reserve as the total amount of assets that can be rapidly turned into cash, based on local market practices and legal restrictions. The operational liquidity reserve generally includes cash and deposits on demand, funded positions of securities purchased under agreements to resell and unencumbered government securities.

The following table presents our operational liquidity reserve as of December 31, 2020, 2019 and 2018:

cash in cash flows	As of December 31,			Average balance ⁽¹⁾
	2020	2019	2018	
	(In millions of R\$)			
Cash	46,224	30,367	37,159	41,061
Securities purchased under agreements to resell – funded position ⁽²⁾	44,743	26,797	45,335	37,361
Unencumbered government securities ⁽³⁾	232,245	115,774	74,760	178,124
Operational reserve	323,212	172,938	157,254	256,546

(1) Average calculated based on interim financial statements; (2) Net of R\$11,119 (R\$8,544 at 12/31/2019 and R\$5,120 at 12/31/2018), which securities are restricted to guarantee transactions at B3 S.A. – Brasil, Bolsa Balcão (B3) and the Central Bank; and (3) Present values are included as a result of the change in the reporting of future flows of assets that are now reported as future value as of September 2016.

Our management controls our liquidity reserves by projecting the resources that will be available for investment by our treasury department. The technique we employ involves the statistical projection of scenarios for our assets and liabilities, considering the liquidity profiles of our counterparties.

Short-term minimum liquidity limits are defined according to guidelines set by the CSRML. These limits aim at ensuring that the Itaú Unibanco Group always has sufficient liquidity available to cover unforeseen market events. These limits are revised periodically, based on the projection of cash needs in atypical market situations (i.e., stress scenarios).

Management of liquidity makes it possible for us to simultaneously meet our operating requirements, protect our capital and exploit market opportunities. Our strategy is to maintain adequate liquidity to meet our present and future financial obligations and to capitalize on business opportunities as they arise.

We are exposed to effects of the disruptions and volatility in the global financial markets and the economies in those countries where we do business, especially Brazil. However, due to our stable sources of funding, which include a large deposit base, the large number of correspondent banks with which we have long-standing relationships, as well as facilities in place which enable us to access further funding when required, we have not historically experienced liquidity challenges, even during periods of disruption in the international financial markets.

Particularly in 2020, a year with unusual volatility in the global financial markets, we had a significant improvement in the reserve and liquidity indicators. This improvement was due to the increase in our retail and wholesale funding and also to the liquidity measures conducted by central banks.

Our main sources of funding are interest-bearing deposits, deposits received under repurchase agreements, on-lending from government financial institutions, lines of credit with foreign banks and the issuance of securities abroad.

We may from time to time seek to retire or purchase our outstanding debt, including our subordinated notes (subject to the approval of the Central Bank), and senior notes, through cash purchases in the open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Notes repurchased may be held, cancelled or resold and any resale thereof will need to comply with applicable requirements or exemptions under the relevant securities laws.

Some of our long-term debt provides for acceleration of the outstanding principal balance upon the occurrence of specified events, which are events ordinarily found in long-term financing agreements. Up to December 31, 2020, none of these events, including any events of default or failure to satisfy financial covenants, have occurred.

Under Brazilian law, cash dividends may only be paid if the subsidiary paying such dividends has reported a profit in its financial statements. In addition, subsidiaries that are financial institutions are prohibited from making loans to Itaú Unibanco Holding, but they are allowed to make deposits in Itaú Unibanco Holding, which represent interbank certificates of deposit (Certificado de Depósito Interbancário). These restrictions have not had, and are not expected to have, a material impact on our ability to meet our cash obligations.



find out more

Consolidated Financial Statements > Note 15. "Deposits" and "Item 8A. Consolidated Statements and Other Financial Information – Stockholders' Payment"

2020 Annual Integrated Report – Itaú Unibanco Holding





financial management analysis

4F. Performance

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- 158** balance sheet

operating and financial review and prospects

The following discussion should be read in conjunction with our consolidated audited financial statements and accompanying notes and other financial information included elsewhere in this annual report. The following discussion contains forward-looking statements that involve risks and uncertainties.

In this section, we discuss our operating results for the year ended December 31, 2020 compared to the year ended December 31, 2019. For our operating results referring to for the year ended December 31, 2019 on compared to the year ended December 31, 2018, see our 2019 Integrated Annual Report.

results of operations

The table below presents our summarized consolidated statement of income for the years ended December 31, 2020 and 2019. The interest rates cited are expressed in Brazilian reais and include the effect of the variation of the real against foreign currencies. For more information on the products and services we offer, see "Item 4. Information on the Company" on our Form 20-F.

Please see our audited consolidated financial statements for further details about our Consolidated Statement of Income.

summarized Consolidated Statement of Income	for the years ended December 31, (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Operating revenues	100,199	117,079	(16,880)	(14.4%)
Net interest income ⁽¹⁾	50,053	69,350	(19,297)	(27.8%)
Non-interest income ⁽²⁾	50,146	47,729	2,417	5.1%
Expected loss from financial assets and claims	(25,980)	(18,567)	(7,413)	39.9%
Other operating income (expenses)	(68,989)	(67,269)	(1,720)	2.6%
Net income before income tax and social contribution	5,230	31,243	(26,013)	(83.3%)
Current and deferred income and social contribution taxes	9,834	(3,430)	13,264	(386.7%)
Net income	15,064	27,813	(12,749)	(45.8%)
Net income attributable to owners of the parent company	18,896	27,113	(8,217)	(30.3%)

(1) Includes: (i) interest and similar income of financial assets at amortized cost and fair value through other comprehensive income (R\$113,262 million and R\$117,523 million in the years ended December 31, 2020 and 2019, respectively); (ii) interest, similar and dividend of financial assets at fair value through profit or loss (R\$15,716 million and R\$22,760 million in the years ended December 31, 2020 and 2019, respectively); (iii) interest and similar expenses (R\$(73,558) million and R\$(75,958)) in the years ended December 31, 2020 and 2019, respectively); (iv) adjustments to fair value of financial assets and liabilities (R\$(8,056) million and R\$4,098 million in the years ended December 31, 2020 and 2019, respectively); and (v) foreign exchange results and exchange variations in foreign transactions (R\$2,689 million and R\$927 million in the years ended December 31, 2020 and 2019, respectively); and (2) Includes commissions and banking fees, income from insurance and private pension operations before claimed selling expenses and other income.

Net income attributable to owners of the parent company decreased by 30.3% to R\$18,896 million for the year ended December 31, 2020 from R\$27,113 million for the same period of 2019. This result is mainly due to a 14.4% decrease in operating revenues and a 39.9% increase in expected losses from financial assets and claims. The decrease in net income attributable to owners of the parent company was partially offset by a R\$13,264 million increase in current and deferred income and social contribution taxes. These line items are further described below:

Net interest income decreased by R\$19,297 million, or 27.8%, for the year ended December 31, 2020 compared to the same period of 2019, mainly due to a decrease of R\$12,154 million in the adjustment to the fair value of financial assets and liabilities, especially due to the fiscal effect on the hedging instruments for our investments abroad.

The result of exchange rate fluctuations on our investments abroad is non-taxable, whereas revenues from our hedging instruments are taxable. Accordingly, the depreciation of the real against foreign currencies, especially the U.S. dollar, generates losses on our hedging instruments abroad. Conversely, the appreciation of the real against foreign currencies, generates gains on our hedging instruments abroad. This affects our tax expenses recorded in the line items “current and deferred income and social contribution taxes” and “other operating income (expenses).” The nominal depreciation of the real against the U.S. dollar was 28.9% for the year ended December 31, 2020 compared to a depreciation of 4.0% for the same period of 2019.

The fiscal effect on the hedging instruments for our investments abroad resulted in a gain of R\$17,701 million for the year ended December 31, 2020, compared to a gain of R\$2,499 million for 2019.

Disregarding the fiscal effect on the hedging instruments for our investments abroad mentioned above, net interest income decreased by R\$4,095 million for the year ended December 31, 2020 compared to 2019.

■ **Interest and similar income of financial assets at amortized cost and at fair value through other comprehensive income** decreased by 3.6% for the year ended December 31, 2020 compared to 2019 due to a R\$6,365 million decrease in income from securities purchased under agreements to resell and a R\$2,492 million decrease in compulsory deposits with the Central Bank, as a result of lower interest rates. As of December 31, 2020, the effective SELIC rate was 1.90% per annum compared to 4.40% per annum as of December 31, 2019. While the balance of our loan portfolio increased 21.9% in this period, income from our loan portfolio decreased by 1.9%. This is mainly due to: (i) lower spreads on credit products, particularly for government sponsored facilities for our micro/small and medium businesses segment, (ii) lower interest rates for working capital loans and (iii) regulatory changes, especially CMN Resolution No. 4,765, which caps interest rates for checking account overdraft facilities up to 8% per month. In addition, this result was partially offset by an increase of R\$6,224 million in income from financial assets at fair value through other comprehensive income mainly due to exchange rate fluctuations.

■ **Interest and similar expenses** decreased by 3.2% for the year ended December 31, 2020 compared to 2019, due to: (i) a decrease of R\$9,783 million in securities sold under repurchase agreements, mainly as a result of the decrease of R\$23,236 million in the balance of assets pledged as collateral, especially in government securities; and (ii) a decrease in our financial expenses from technical provisions for insurance and private pension plans, which amounted to an expense of R\$8,121 million for the year ended December 31, 2020 compared to an expense of R\$16,720 million for the year ended December 31, 2019, as a result of the decrease in the net asset value of investment fund quotas and resulting impact on private pension plans.

This result was partially offset by an increase in expenses from interbank market funds mainly as a result of a R\$6,848 million increase in the balance of import and export financings, which was affected by exchange rate fluctuations.

- **Non-interest income** increased by 5.1% to R\$50,146 for the year ended December 31, 2020 compared to 2019. This increase was mainly due to a 71.4%, or R\$2,957 million, increase in other income, mainly driven by the gain on the partial sale of our shares in XP Inc. On December 2 and 17, 2020, we sold 4.44% and 0.07%, respectively, of our investments in XP Inc., through the public offering on the Nasdaq, giving rise to a result before taxes of R\$3,996 million. Concurrently with the sales, XP Inc. completed a public offering (follow-on) which resulted in the dilution of the interest held by us, which then reached 41.00% of XP Inc.'s total capital, resulting in a gain from our investment in XP Inc. primary subscription of R\$545 million.

The increase in non-interest income was partially offset by a 1.2%, or R\$475 million, decrease in commissions and banking fees, compared to the same period in 2019, mainly driven by a R\$1,806 million decrease in revenues from credit and debit card transactions, including acquiring business, revenues from merchant discount rate (MDR – merchant discount rate), rental of equipment and prepayments, all of which decreased particularly in the first semester of 2020 due to social distancing measures adopted in response to the COVID-19 pandemic. This decrease in commissions and banking fees was offset by:

- a 15.2%, or R\$382 million, increase in income from advisory and brokerage services compared to the same period in 2019, mainly due to an increase in activities in the capital markets. As of December 31, 2020, we acted as underwriter on fixed income transactions in Brazil totaling R\$6,936 million and we were ranked first in volume of deals by the Associação Brasileira de Entidades dos Mercados Financeiro e de Capitais (ANBIMA) in this segment. We also provided financial advisory services for 47 M&A transactions in South America during 2020, totaling US\$8,139 million in deal volume and we were ranked first place in number of deals by Dealogic; and

- a 10.8%, or R\$614 million, increase in asset management fees from funds compared to the same period in 2019. Our assets under management increased by 14.2% in the year ended December 31, 2020 compared to 2019, representing an increase of 14.7% in income from fees generated through offerings of our own products and an increase of 11.2% in income from fees generated through our open platform.

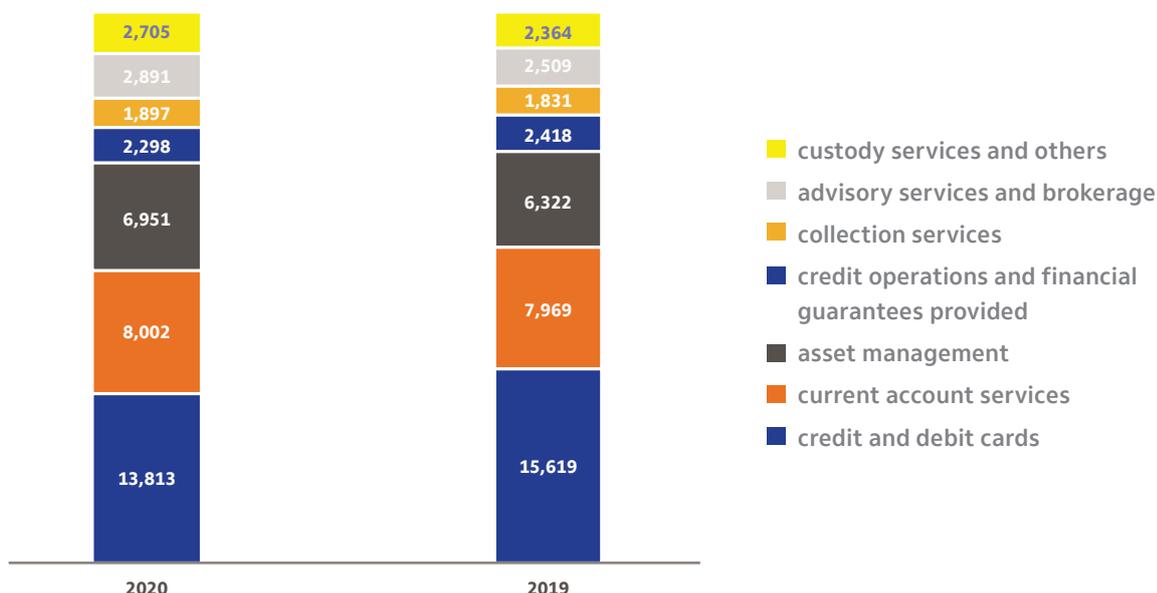
The following chart shows the main components of our banking service fees for the years ended December 31, 2020 and 2019:



find out more

**Consolidated Financial Statements > Note 21.
"Interest and Similar Income and Expense and Net Gain (Loss)"**

commissions and banking fees – in R\$ millions



expected loss from financial assets and claims

To fully reflect the risk of our loan operations, we adopt the expected loss model for provisioning of operations since the moment they are granted, which is periodically updated according to the macroeconomic variables and specific circumstances of each of our clients. In 2020, in view of the COVID-19 pandemic, the weighting for economic scenarios was increased when measuring our provision for loan losses. As of December 31, 2020, our coverage ratio was 319.9% compared to a ratio of 229.5% as of December 31, 2019, as a result of the changes in the macroeconomic variables and specific circumstances of each of our clients. Specifically, in 2020 we increased the provision for the expected loss of operations for clients that had not shown any signs of deterioration until the outbreak of the COVID-19 pandemic (default or downgrading of the client's rating). The credit risk governance enabled us to quickly respond

to the impacts of the COVID-19 pandemic on our loan portfolio, permitting quick access to the information required for the daily discussions and actions of the crisis management forum.

Our expected loss from financial assets and claims increased by R\$7,413 million, or 39.9%, for the year ended December 31, 2020 compared to 2019, mainly due to an increase in expected loss with loan and lease operations of R\$6,154 million for the year ended December 31, 2020. This increase is related to the changes in the macroeconomic scenario and adverse financial perspectives for individuals and companies as from the second half of March 2020, as a result of the COVID-19 pandemic. In the year ended December 31, 2020, we constituted R\$6,249 million in expected credit loss for our Foreign Loans – Latin American operations, mainly due to



find out more

[Consolidated Financial Statements > Note 3. "Business development" and Note 22. "Commissions and Banking Fees"](#)

certain corporate clients in Latin America. Our micro/small and medium companies expected credit loss increased by R\$1,820 million, mainly due to the increase in the balance of loans operations in this segment, due to government sponsored facilities such as the National Support Program for Micro and Very Small Businesses (PRONAMPE) and the Investment Guarantee Fund (FGI).

- **Non-performing loans:** We calculate our 90-day non-performing loan (NPL) ratio as the value of our 90-day non-performing loans to our loan portfolio.

As of December 31, 2020, our 90-day NPL ratio was 2.7%, a decrease of 76 basis points compared to December 31, 2019. The decrease was due to the decrease of 78 basis points in the 90-day NPL ratio in respect of our individuals loan portfolio, and the decrease of 49 basis points in the 90-day NPL ratio in respect of our companies loan portfolio, mainly due to measures of loan reprofiling offered to our clients in response to the COVID-19 pandemic. The increase in the balance of renegotiated loans resulted in a decrease in the balance of our 90-day non-performing loans in the period. Compared to September 30, 2020, our 90-day NPL ratio increased by 10 basis points, in the three-month period ended December 31, 2020, mainly driven by the end of the grace period of loans reprofiled in previous periods.

- We calculate our 15 to 90 days non-performing loan ratio as the value of our 15 to 90 days non-performing loans to our loan portfolio. The 15 to 90 days NPL ratio is an indicator of early delinquency.

As of December 31, 2020, our 15 to 90 days NPL ratio was 1.8% a decrease of 50 basis points when compared to December 31, 2019. In this period there was an increase of 9 basis points in the 15 to 90-day NPL ratio in respect of our companies loans portfolio. The 15 to 90-day NPL ratio for our individuals loan portfolio decreased by 96 basis points due to the reprofiling offered to our clients in response to the COVID-19 pandemic. The increase in the balance of renegotiated loans resulted in a decrease in the balance of our 15 to 90-day non-performing loans in the period compared to 2019. In the three-month period ended December 31, 2020, we had an increase of 47 basis points in our 15 to 90-day non-performing loans for companies mainly driven by the end of the grace period of loans reprofiled in previous periods.

As of December 31, 2020, our reprofiled loan portfolio was R\$50.8 billion, a decrease of 5.0% when compared to September 30, 2020.

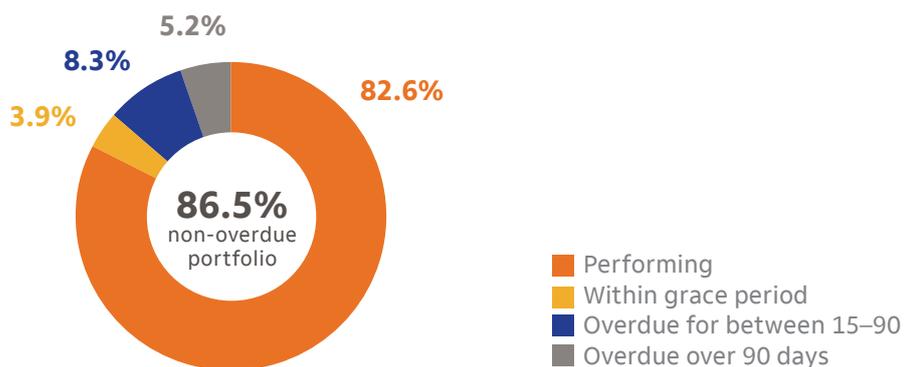
Further, by the end of December 31, 2020, 96.1% of the grace periods relating to the reprofiled loan portfolio had expired, of which 82.6% were performing (8.3% of the amount outstanding under the non-performing reprofiled loan portfolio was delinquent between 15 and 90 days and 5.2% were delinquent for more than 90 days).



find out more

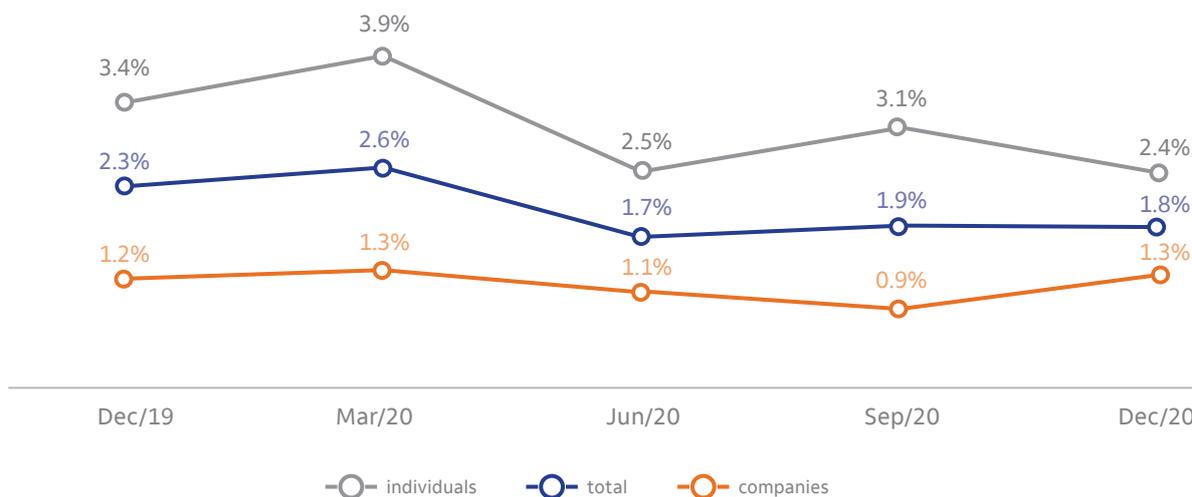
Consolidated Financial Statements > Note 2. "Significant Accounting Policies" and **Note 10. "Loan and Lease Operations"**

reprofiled loan portfolio

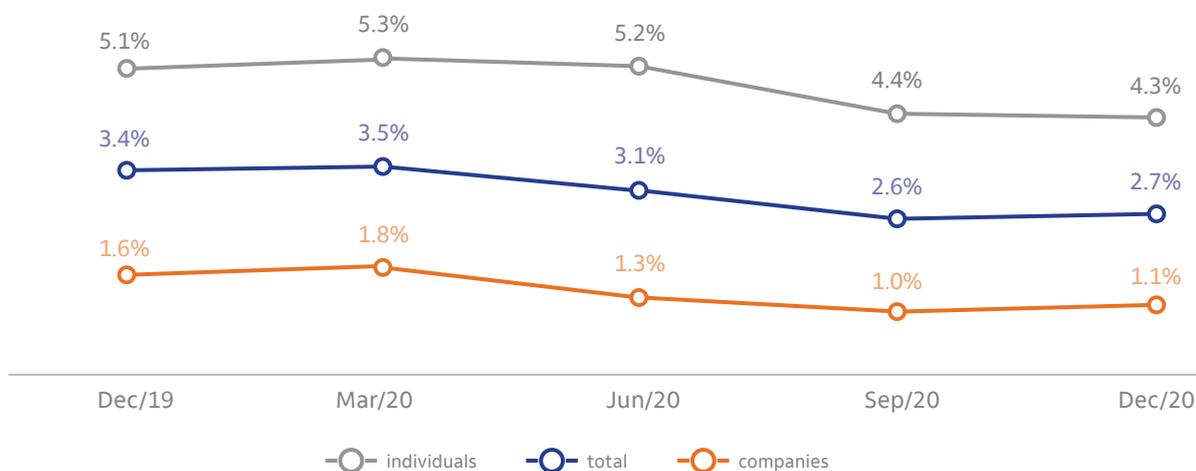


The chart below shows a comparison of both NPL ratios for each quarter as of December 31, 2019 through to December 31, 2020:

15 to 90-day NPL Ratio (%)



90-day NPL Ratio (%)



■ **Coverage ratio (90 days):** We calculate our coverage ratio as provisions for expected losses to 90-day non-performing loans. As of December 31, 2020, our coverage ratio was 319.9% compared to a ratio of 229.5% as of December 31, 2019. This increase was mainly due to decrease in the balance of non-performing loans over 90 days overdue, driven by the loan portfolio reprofiling and the provisioning recognized due to the change in the macroeconomic scenario as from the second half of March, which was

captured by our expected loss provisioning model. In the three-month period ended December 31, 2020, our coverage ratio decreased 1,934 basis points due to an increase in non-performing loans past 90 days overdue, driven by the end of the grace period of loans reprofiled in previous periods.

The chart below shows a comparison in the coverage ratios for each quarter as of December 31, 2019 through December 31, 2020:

Coverage Ratio (90 days)⁽¹⁾



(1) Data presented in BRGAAP.

Other operating income (expenses) increased by 2.6% to an expense of R\$68,989 million for the year ended December 31, 2020 from an expense of R\$67,269 million for 2019 mainly due to the following non-recurring events: (i) the goodwill and intangible assets impairment recorded by Itaú Corpbanca of R\$5,906 million; (ii) a donation of R\$1,047 million made to Todos pela Saúde (All for Health); and (iii) an increase of R\$2,385 million in personnel expenses due to our 2019 Voluntary Severance Program. Todos pela Saúde is an initiative created by us in April 2020 to combat the effects of the COVID-19 pandemic on the Brazilian society.

Disregarding the non-recurring events discussed above, our general and administrative expenses decreased by 2.3% to an expense of R\$57,254 million for the year ended December 31, 2020 from an expense of R\$58,627 million for 2019, mainly due to:

- (i) a R\$872 million decrease in personnel expenses due to a reduced number of employee terminations, which were suspended from March through September 2020, due to measures implemented to address the impacts of the COVID-19 pandemic. In addition, our expenses with profit sharing were reduced as a result of the challenging macroeconomic scenario, due to the COVID-19 pandemic, which resulted in lower profits. This result was partially offset by: (a) an increase in compensation, mainly due to an increase in the total number of employees, particularly information technology professionals, and (b) the negotiation of the collective bargaining labor agreement, which provided for a 1.5% salary increase and a R\$2,000 bonus paid to employees in Brazil in September 2020;

- (ii) a R\$567 million decrease in credit card selling expenses, related to REDE's accreditation and reduction in expenses with credit card brands, due to reduced economic activity, as a result of the social distancing measures adopted in relation to the COVID-19 pandemic; and
- (iii) a R\$55 million decrease in administrative expenses, particularly reduced data processing and telecommunications, advertising, promoting and publicity expenses, and travel and transportation expenses, due to reduced commuting and remote working arrangements adopted during the COVID-19 pandemic.

Current and deferred income and social contribution taxes amounted to a gain of R\$9,834 million for the year ended December 31, 2020, from an expense of R\$3,430 million for 2019.

This was partially due to the fiscal effect on the hedging instruments for our investments abroad, as mentioned in "Net interest income," which amounted to a gain of R\$16,097 million for the year ended December 31, 2020 compared to a gain of R\$2,281 million for 2019. Disregarding this fiscal effect, current and deferred income and social contribution taxes increased by 9.7% for the year ended December 31, 2020 compared to 2019.

In 2019, fiscal authorities temporarily decreased the recognition rate for income and social contribution taxes to 40%. However, as from March 1, 2020, the recognition rate was increased again to 45%. The increase in the recognition rate was partially offset by: (i) increases in provisions for expected loss in the period (which generate tax credits) and (ii) a decrease in net income before tax and social contribution.

basis for presentation of segment information

We maintain segment information based on reports used by senior management to assess the financial performance of our businesses and to make decisions regarding the allocation of funds for investment and other purposes.

Segment information is not prepared in accordance with IFRS, as issued by the IASB, but based on accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank. It also includes the following adjustments: (i) the recognition of the impact of capital allocation using a proprietary model; (ii) the use of funding and cost of capital at market prices, using certain managerial criteria; (iii) the exclusion or inclusion of non-recurring events from our results; and (iv) the reclassification of the tax effects from hedging transactions we enter into for our investments abroad.

Non-recurring events correspond to relevant events (with a positive or negative accounting effect) identified in our results of operations for each relevant period. We apply a historically consistent methodology (approved by our governance procedures) pursuant to which, relevant events are either not related to our core operations or are related to previous fiscal years. The impairment of goodwill and intangible assets recorded by Itaú Corpbanca, the donation made to Todos pela Saúde and our 2019 voluntary severance program are non-recurring events and, as such, do not impact the results and analysis regarding our segment information below.



find out more

Consolidated Financial Statements > Note 23. "General and Administrative Expenses", Note 24. "Taxes", Note 30. "Segment Information" and Item 4. "Information on the Company" in our 2019 Form 20-F

We present below the summarized results from our operating segments from January 1, 2020 to December 31, 2020:

summarized Consolidated Statement of Income from January 1, 2020 to December 31, 2020⁽¹⁾ (in millions of R\$)	Retail Banking (a)	Wholesale Banking (b)	Activities with the Market + Corporation (c)	total (a) + (b) + (c)	adjustments	IFRS consolidated⁽²⁾
Operating revenues	72,680	32,187	9,918	114,785	(14,586)	100,199
Cost of credit	(21,247)	(8,868)	6	(30,209)	5,583	(24,626)
Claims	(1,345)	(8)	-	(1,353)	(1)	(1,354)
Other operating income (expenses)	(40,221)	(16,133)	(650)	(57,004)	(11,985)	(68,986)
Income tax and social contribution	(3,071)	(1,893)	(3,099)	(8,063)	17,897	9,834
Non-controlling interest in subsidiaries	(175)	601	(46)	380	3,452	3,832
Net income	6,621	5,786	6,129	18,536	360	18,896

(1) The first three columns are our Business segments. Additional information about each of our Business segments can be found below under the headings "(a) Retail Banking"; "(b) Wholesale Banking" and "(c) Activities with the Market + Corporation". The adjustments column includes the following pro forma adjustments: (i) the recognition of the impact of capital allocation using a proprietary model; (ii) the use of funding and cost of capital at market prices, using certain managerial criteria; (iii) the exclusion of non-recurring events from our results; and (iv) the reclassification of the tax effects from hedging transactions we enter into for our investments abroad. The IFRS consolidated column is the total result of our three segments plus adjustments; and (2) Net income presented refers to net income attributable to owners of the parent company.

The following discussion should be read in conjunction with our audited consolidated financial statements, especially "Note 30 – Segment Information." The adjustments column shown in this note shows the effects of the differences between the segmented results (substantially in accordance with the accounting practices adopted in Brazil) and those calculated according to the principles adopted in our audited consolidated financial statements in IFRS, as issued by the IASB.

retail banking

This segment consists of business with retail customers, account holders and non-account holders, individuals and legal entities, high income clients (Itaú Uniclass and Personalité) and the companies segment (microenterprises and small companies). It includes financing and credit offers made outside the branch network, in addition to credit cards and payroll loans.

The following table sets forth our summarized consolidated statement of income with respect to our Retail Banking segment for the years ended December 31, 2020 and 2019:

summarized Consolidated Statement of Income – Retail Banking	for the years ended December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Operating revenues	72,680	79,227	(6,547)	(8.3%)
Interest margin	41,818	46,764	(4,946)	(10.6%)
Non-interest income ⁽¹⁾	30,861	32,463	(1,601)	(4.9%)
Cost of credit and claims	(22,593)	(17,278)	(5,314)	-
Other operating income (expenses)	(40,221)	(41,430)	1,209	(2.9%)
Income tax and social contribution	(3,071)	(7,095)	4,024	-
Non-controlling interest in subsidiaries	(175)	(198)	24	(11.9%)
Net income	6,621	13,226	(6,605)	(49.9%)

(1) Non-interest income includes: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Retail Banking decreased by 49.9%, to R\$6,621 million for the year ended December 31, 2020 from R\$13,226 million for the same period of 2019. These results are explained as follows:

Operating revenues: decreased by 8.3% for the year ended December 31, 2020 compared to the same period of 2019, due to:

- (i) a decrease of 10.6% in interest margin driven by an increase in credit products that command lower spreads, especially in government sponsored facilities to our micro/small and medium businesses segment, and lower interest rates for working capital loans; and
- (ii) a decrease of 4.9% in non-interest income, especially due to reduced revenues from credit and debit cards fees, resulting from a reduction in the volume of credit and debit cards transactions since the second half of March 2020, due to social distancing measures adopted in response to the COVID-19 pandemic.

Cost of credit and claims increased by R\$5,314 million for the year ended December 31, 2020 compared to 2019, mainly due to the change in the macroeconomic scenario and the adverse financial perspectives for individuals and companies as from the second half of March 2020, as a result of the COVID-19 pandemic.

Other operating income (expenses) decreased by R\$1,209 million for the year ended December 31, 2020 compared to the same period in 2019, mainly due to a decrease in personnel expenses as a result of a reduction in employee terminations, which were suspended from March through September 2020, due to measures implemented to address the impacts of the COVID-19 pandemic. In addition, we incurred reduced profit-sharing

expenses as a result of the challenging macroeconomic scenario. This result was partially offset by: (i) an increase in compensation, mainly due to an increase in the total number of employees, particularly information technology professionals, and (ii) the negotiation of the collective bargaining labor agreement, which provided for a 1.5% salary increase and a R\$2,000 bonus paid to employees in Brazil in September 2020.

Income tax and social contribution for this segment: as well as for the Wholesale Banking and Activities with the Market + Corporation segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. As discussed above under “Net income attributable to owners of the parent company – Current and deferred income and social contribution taxes,” our current and deferred income and social contribution taxes decreased mainly as a result of: (i) increases in provisions for expected loss in the period (which generate tax credits) and (ii) a decrease in net income before tax and social contribution.

wholesale banking

This segment consists of products and services offered to middle-market companies, high net worth clients (Private Banking), and the operation of Latin American units and Itaú BBA, which is the unit responsible for business with large companies and investment banking operations.

The following table sets forth our summarized consolidated statement of income with respect to our Wholesale Banking segment for the years ended December 31, 2020 and 2019:

summarized Consolidated Statement of Income – Wholesale Banking	for the years ended December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Operating revenues	32,187	30,650	1,537	5.0%
Interest margin	19,883	18,778	1,105	5.9%
Non-interest income ⁽¹⁾	12,304	11,872	432	3.6%
Cost of credit and claims	(8,976)	(2,141)	(6,835)	-
Other operating income (expenses)	(16,133)	(15,403)	(730)	4.7%
Income tax and social contribution	(1,893)	(3,856)	1,963	-
Non-controlling interest in subsidiaries	601	(444)	1,045	(235.3%)
Net income	5,786	8,806	(3,020)	(34.3%)

(1) Non-interest income includes: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Wholesale Banking decreased 34.3% to R\$5,786 million for the year ended December 31, 2020 from R\$8,806 million for the same period of 2019. These results are explained as follows:

Operating revenues: increased by R\$1,537 million, or 5.0%, for the year ended December 31, 2020 compared to the same period of 2019, due to:

- (i) an increase of 5.9% in the interest margin, driven by a 33.5% increase in the balance of our corporate loan portfolio (credit origination by aggregate amount of loans increased by 51.7%), mainly due to an increase in working capital, vehicle and export/import financings. Due to the COVID-19 pandemic and the resulting economic crisis, demand for liquidity by companies increased; and
- (ii) an increase of 3.6% in non-interest income, especially due to: (a) revenues from asset management fees, which increased by 10.8%; and (b) income from advisory and brokerage services, which increased by 15.2%, mainly due to increased activity in the capital markets. As of December 31, 2020, we acted as underwriter on fixed income transactions in Brazil totaling R\$6,936 million and were ranked first in volume of deals by the ANBIMA in this segment. We also provided financial advisory services for 47 M&A transactions in South America, totaling US\$8,139 million and were ranked first place in number of deals by Dealogic.

Cost of credit and claims increased by R\$6,835 million for the year ended December 31, 2020 compared to the same period of 2019, mainly due to changes in the macroeconomic scenario and the adverse financial perspectives of companies as from the second half of March 2020 as a result of the COVID-19 pandemic, during which we recorded a provision for loan losses and impairment charges in our portfolio of corporate securities in Brazil of R\$498 million, compared to the same period of 2019, in which we recorded a reversal of R\$1,547 million in provisions for loan losses and impairment charges.

Income tax and social contribution for this segment, as well as for the Retail Banking and Activities with the Market + Corporation segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. As discussed above, our current and deferred income and social contribution taxes decreased mainly a result of: (i) increases in provisions for expected loss in the period (which generate tax credits) and (ii) a decrease in net income before tax and social contribution.

activities with the market + corporation

This segment consists of results from capital surplus, subordinated debt surplus and the net balance of tax credits and debits. It also includes the financial margin on market trading, treasury operating costs, and equity in earnings of companies not included in either of the other segments.

The following table sets forth our summarized consolidated statement of income with respect to our Activities with the Market + Corporation segment for the years ended December 31, 2020 and 2019:

summarized Consolidated Statement of Income – Activities with the Market + Corporation	for the years ended December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Operating revenues	9,918	9,913	6	0.1%
Interest margin	8,394	9,088	(694)	(7.6%)
Non-interest income ⁽¹⁾	1,524	825	699	84.7%
Cost of credit and claims	6	0	6	-
Other operating income (expenses)	(650)	(987)	337	(34.2%)
Income tax and social contribution	(3,099)	(2,545)	(554)	-
Non-controlling interest in subsidiaries	(46)	(51)	5	(9.8%)
Net income	6,129	6,331	(202)	(3.2%)

(1) Non-interest income includes: commissions and banking fees; income from insurance and private pension operations before claim and selling expenses and other revenues.

Net income from Activities with the Market + Corporation decreased 3.2%, or R\$202 million, for the year ended December 31, 2020 from 2019. We recorded a reduction in investments abroad, which were partially offset by earnings from other companies.

Income tax and social contribution for this segment, as well as for the Retail Banking and Wholesale Banking segments, is calculated by adopting the full income tax rate, net of the tax effect of any payment of interest on capital. The difference between the income tax amount determined for each segment and the effective income tax amount, as stated in our audited consolidated financial statements, is recorded under the Activities with the Market + Corporation segment. In 2019, fiscal authorities temporarily decreased the recognition rate for income and social contribution taxes to 40%. However, as from March 1, 2020, the recognition rate was increased again to 45%. The increase in the recognition rate was partially offset by increases in provisions for expected loss in the period (which generate tax credits).

balance sheet

We present below our summarized balance sheet as of December 31, 2020 and 2019. Please see our audited consolidated financial statements for further details about our Consolidated Balance Sheet.

summarized balance sheet – assets	as of December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Cash	46,224	30,367	15,857	52.2%
Financial assets at amortized cost	1,275,799	1,101,892	173,907	15.8%
Compulsory deposits in the Central Bank of Brazil	90,059	91,248	(1,189)	(1.3%)
Interbank deposits, securities purchased under agreements to resell and securities at amortized cost	425,432	366,130	59,302	16.2%
Loan and lease operations portfolio	714,104	585,791	128,313	21.9%
Other financial assets ⁽¹⁾	93,255	94,752	(1,497)	(1.6%)
(-) Provision for expected loss	(47,051)	(36,029)	(11,022)	30.6%
Financial assets at fair value through other comprehensive income	109,942	76,660	33,282	43.4%
Financial assets at fair value through profit or loss	465,581	322,929	142,652	44.2%
Investments in associates and joint ventures, fixed assets, goodwill and intangible assets, assets held for sale and other assets	55,610	56,673	(1,063)	(1.9%)
Tax assets	66,095	48,960	17,135	35.0%
Total assets	2,019,251	1,637,481	381,770	23.3%

(1) Other assets includes interbank deposits, securities purchased under agreements to resell, securities and other financial assets.

Total assets increased by R\$381,770 million, or 23.3%, as of December 31, 2020 compared to the same period in 2019, mainly due to an increase in financial assets at fair value through profit or loss and in our loan and lease operations portfolio. This result was partially offset by an increase in provisions for expected losses. These results are further described below:

Financial assets at fair value through profit or loss increased by R\$142,652 million, or 44.2%, as of December 31, 2020 compared to December 31, 2019, mainly due to: (i) a R\$107,996 million increase in securities at fair value through profit or loss, especially

in Brazilian government securities, which increased by R\$66,274 million; and (ii) a R\$34,650 million increase in the balance of derivatives, both for our own hedge strategy and clients' operations. This increase in the balance of derivatives is related to increased market volatility following the uncertainties brought by changes in the macroeconomic scenario due to the COVID-19 pandemic.

Loan and lease operations portfolio increased by R\$128,313 million, or 21.9%, as of December 31, 2020, compared to December 31, 2019, mainly due to the following increases:



find out more

Consolidated Financial Statements > Note 5. "Financial Assets at Fair Value Through Profit or Loss and Designated at Fair Values" and Note 6. "Derivatives"

- (i) 34.4% in our micro/small and medium businesses loan portfolio (credit origination by aggregate amount of loans increased by 24.0%), mainly due to an increase in working capital loans, due to government sponsored facilities such as the National Support Program for Micro and Very Small Businesses (PRONAMPE) and the Investment Guarantee Fund (FGI). These government initiatives aim to guarantee financial resources for micro and small enterprises to enable them to maintain their activities during the COVID-19 pandemic and the resulting economic crisis.
- (ii) 33.5% in our corporate loan portfolio (credit origination by aggregate amount of loans increased by 51.7%), mainly due to working capital loans, vehicle and export/import financings. Due to the

COVID-19 pandemic and the resulting economic crisis, demand for liquidity by companies increased.

- (iii) 31.5% in our Latin America loan portfolio as a result of exchange rate fluctuations.
- (iv) 6.2% in our individuals loan portfolio mainly due to increases of 22.8% in vehicle loans and 19.7% in mortgage loans. Credit origination in our individuals loan portfolio increased by 14.1% in the same period compared to 2019. This result was partially offset by the decrease of 5.0% in our credit cards portfolio, especially due to the reduction of the volume of credit cards transactions in the first semester of 2020, due to social distancing measures adopted in response to the COVID-19 pandemic.

loan and lease operations, by asset type SASB FN-CB-000.B	as of December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Individuals	255,483	240,490	14,993	6.2%
Credit cards	87,073	91,676	(4,603)	(5.0%)
Personal loan	35,346	34,892	454	1.3%
Payroll loan	55,508	49,608	5,900	11.9%
Vehicles	23,290	18,968	4,322	22.8%
Mortgage loans	54,266	45,346	8,920	19.7%
Corporate	134,521	100,789	33,732	33.5%
Micro/small and medium businesses	121,955	90,733	31,222	34.4%
Foreign loans – Latin America	202,145	153,779	48,366	31.5%
Total loan operations and lease operations portfolio	714,104	585,791	128,313	21.9%

Interbank deposits, securities purchased under agreements to resell and securities at amortized cost increased by R\$59,302 million, or 16.2% as of December 31, 2020 compared to December 31, 2019, mainly

due to the following increases: (i) R\$41,513 million in securities purchased under agreements to resell; (ii) R\$21,056 million in interbank deposits impacted by exchange rate variation.



find out more

Consolidated Financial Statements > Note 10. "Loan and Lease Operations", Note 4. "Interbank Deposits and Securities Purchased Under Agreements to Resell" and Note 9. "Financial Assets at Amortized Cost – Securities"

Financial assets at fair value through other comprehensive income increased by R\$33,282 million, or 43.4% as of December 31, 2020 compared to December 31, 2019, mainly due to (i) an increase of R\$17,217 million in Brazilian government securities, due to increased demand for liquidity, and (ii) a R\$13,831 million increase in the balance of government securities – abroad, especially in Chile which increased by R\$10,443 million, as compared to December 31, 2019, due to higher demand for liquidity.

Tax assets increased by R\$17,135 million, or 35.0% as of December 31, 2020, compared to December 31, 2019, due to (i) the impact of the fiscal hedge from our investments abroad and (ii) increases in provisions for expected loss in the period.

We present below our summarized Balance Sheet – liabilities and stockholders' equity as of December 31, 2020 and 2019. Please see our audited consolidated financial statements for further details about our Consolidated Balance Sheet.

summarized balance sheet – liabilities and stockholders' equity	as of December 31 (in millions of R\$)		variation	
	2020	2019	R\$ million	%
Financial liabilities	1,579,686	1,211,999	367,687	30.3%
At amortized cost	1,495,641	1,159,830	335,811	29.0%
Deposits	809,010	507,060	301,950	59.5%
Securities sold under purchased agreements	273,364	256,583	16,781	6.5%
Interbank market funds, institutional market funds and other financial liabilities	413,267	396,187	17,080	4.3%
At fair value through profit or loss	79,653	48,029	31,624	65.8%
Provision for expected loss	4,392	4,140	252	6.1%
Provision for insurance and private pensions	221,000	218,334	2,666	1.2%
Provisions	19,819	21,454	(1,635)	(7.6%)
Tax liabilities	5,710	7,891	(2,181)	(27.6%)
Other liabilities	38,511	28,338	10,173	35.9%
Total liabilities	1,864,726	1,488,016	376,710	25.3%
Total stockholders' equity attributed to the owners of the parent company	142,993	136,925	6,068	4.4%
Non-controlling interests	11,532	12,540	(1,008)	(8.0%)
Total stockholders' equity	154,525	149,465	5,060	3.4%
Total liabilities and stockholders' equity	2,019,251	1,637,481	381,770	23.3%



find out more

Consolidated Financial Statements > Note 8. "Financial Assets at Fair Value Through Other Comprehensive Income – Securities" and Note 24. "Taxes"

Total liabilities and stockholders' equity increased by R\$381,770 million, or 23.3% as of December 31, 2020 compared to December 31, 2019, mainly due to an increase in deposits, securities sold under repurchase agreements, interbank and institutional market debt and financial liabilities at fair value through profit and loss. These results are detailed as follows:

Deposits increased by 59.5% as of December 31, 2020 compared to December 31, 2019, mainly due to an increase of R\$214,068 million in time deposits, R\$52,499 million in demand deposits and R\$34,912 million in saving deposits. These increases are mainly associated with the inflow of resources from our clients into the Retail Banking and Wholesale Banking segments as from the second half of March 2020. This inflow resulted from our strategy to offer fixed income products (such as bank deposit certificates) combined with a stronger demand from our clients for lower risk investments and products with higher liquidity. [SASB FN-CB-000.A](#)

Interbank and Institutional market funds and other financial liabilities increased by R\$17,080 million, or 4.3%, as of December 31, 2020 compared to December 31, 2019, mainly due to the following increases:

- (i) R\$18,761 million in obligations on securities issued abroad, including the issuance of US\$1,500 million of Senior Notes in January 2020 (equivalent to approximately R\$6,404 million, as of January 31, 2020);
- (ii) R\$15,454 million in subordinated debt, including the issuance of US\$690 million of Tier 1 Subordinated Notes in February 2020 (equivalent to approximately R\$3,149 million, as of February 28, 2020); and

(iii) R\$6,848 million in import and export financings.

These items were also directly affected by exchange rate fluctuations.

This increase was partially offset by a R\$21,844 million reduction in financial bills and a R\$6,919 million reduction in agribusiness credit bills, as of December 31, 2020 compared to December 31, 2019, mainly due to the maturity of these bills.

Securities sold under repurchase agreements increased by R\$16,781 million, or 6.5%, as of December 31, 2020 compared to December 31, 2019, mainly due to a R\$28,651 million increase in securities with right to sell or repledge the collateral and R\$11,366 million increase in assets received as collateral. This result was partially offset by a decrease of R\$23,236 million in assets pledged as collateral, especially government securities.

Financial liabilities at fair value through profit and loss increased by R\$31,624 million, or 65.8%, as of December 31, 2020, compared to December 31, 2019, mainly due to a R\$31,677 million increase in the balance of derivatives, both for our proprietary hedging strategy and that for our clients' operations. This increase is related to increased market volatility resulting from the COVID-19 pandemic.

Total stockholders' equity increased by R\$5,060 million, or 3.4%, as of December 31, 2020 compared to December 31, 2019, mainly due to R\$15,064 million net income in the period which was partially offset by the distribution of R\$9,811 million in dividends and interest on capital.



find out more

Consolidated Financial Statements > Note 15. "Deposits", Note 17. "Securities Sold Under Repurchase Agreements" and Interbank and Institutional Market Funds" and Note 6. "Derivatives"

(A free translation of the original in Portuguese)

Itaú Unibanco Holding S.A

Independent auditor's limited assurance report on the Integrated Annual Report 2020 December 31, 2020

Independent auditor's limited assurance report on the Integrated Annual Report 2020

To the Board of Directors and Shareholders
Itaú Unibanco Holding S.A.
São Paulo – SP

Introduction

We have been engaged by Itaú Unibanco Holding S.A. ("Itaú Unibanco") to present our limited assurance report on the compilation of selected information related to the Integrated Annual Report 2020 of Itaú Unibanco Holding S.A. for the year ended December 31, 2020.

Responsibilities of the management of the Company

The management of Itaú Unibanco is responsible for the preparation and fair presentation of the selected information included in the Integrated Annual Report 2020, in accordance with the proposed criteria by International Integrated Reporting Framework ("Framework") issued by International Integrated Reporting Council (IIRC), by the Technical Pronouncement CPC 09 – Integrated Reporting, issued by the Accounting Pronouncements Committee, and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the selected information included in the Integrated Annual Report 2020, based on our limited assurance engagement carried out in accordance with the Brazilian standard NBC TO 3000, "Assurance

Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the selected information included in the Integrated Annual Report 2020, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information included in the Integrated Annual Report 2020, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Integrated Annual Report 2020 of Itaú Unibanco;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;
- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information included in the Integrated Annual Report 2020;
- (d) comparing the financial and accounting indicators with the consolidated financial statements in IFRS and/or accounting records and financial reporting; and
- (e) verifying that the Integrated Annual Report includes information about the content elements and the basic principles established in the guidelines proposed by the Framework issued by the IIRC and by Technical Pronouncement CPC 09 – Integrated Reporting, issued by the Accounting Pronouncements Committee.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the selected information included in the Integrated Annual Report 2020. Consequently,

we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the selected information included in the Integrated Annual Report 2020. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the selected information included in the Integrated Annual Report 2020 of Itaú Unibanco for the year ended December 31, 2020 has not been compiled in accordance with the guidelines of the criteria described throughout this report.

São Paulo, April 12, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3

INDEPENDENCE STATEMENT

To the Board of Directors and Stockholders
Itaú Unibanco Holding S.A.

São Paulo, April 12, 2021

In connection with the issue of the Independent Auditor's Limited Assurance Report on the Integrated Annual Report 2020, we state that PricewaterhouseCoopers Auditores Independentes is independent in relation to Itaú Unibanco Holding S.A., in accordance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) and with the local NBC PO 900 Resolution issued by the Brazilian Federal Accounting Council (CFC) and that there has been no conflicts of interest during our limited assurance engagement carried out in accordance with the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB).

Yours faithfully,

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3